

AUDITING PROCEDURES REPORT

Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name SAGINAW CHARTER TOWNSHIP	County SAGINAW
Audit Date MARCH 31, 2004	Opinion Date JUNE 21, 2004	Date Accountant Report Submitted to State: SEPTEMBER 30, 2004	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan Department of Treasury.

We affirm that:

1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

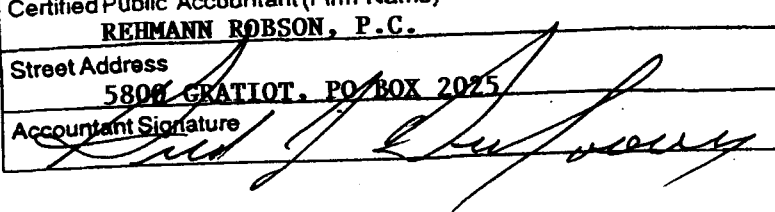
We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

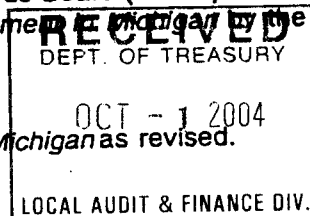
You must check the applicable box for each item below.

- ☐ yes ☒ no 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☒ yes ☐ no 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☐ yes ☒ no 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ yes ☒ no 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ yes ☒ no 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ yes ☒ no 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ yes ☒ no 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ yes ☒ no 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ yes ☒ no 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:

	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.			X
Reports on individual federal financial assistance programs (program audits).			X
Single Audit Reports (ASLGU).			X

Certified Public Accountant (Firm Name) REHMANN ROBSON, P.C.			
Street Address 5800 GRATIOT, PO BOX 2025			
City SAGINAW		State MI	ZIP 48605
Accountant Signature 			



SAGINAW CHARTER TOWNSHIP

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**SAGINAW CHARTER TOWNSHIP
MICHIGAN**

**COMPREHENSIVE ANNUAL FINANCIAL REPORT
YEAR ENDED MARCH 31, 2004**

Prepared by the Saginaw Charter Township Fiscal Services Division

Michele L. Gadd, Director, Fiscal Services Department
Toni M. Whelton, Typist/Analyst

PRINCIPAL
TOWNSHIP OFFICIALS

TOWNSHIP BOARD – MARCH 31, 2004

GEORGE L. OLSON – SUPERVISOR

TIMOTHY J. BRAUN – CLERK

WILLIAM J. McQUILLAN - TREASURER

STEVEN G. GERHARDT

MARK A. SCHAEFF

RICHARD T. NEIDERQUILL

BARBARA N. EWEND

TOWNSHIP MANAGER

RONALD LEE

DIRECTOR OF FISCAL SERVICES

MICHELE L. GADD

DIRECTOR OF ASSESSING

KEVIN J. KERN

DIRECTOR OF COMMUNITY DEVELOPMENT

MATTHEW J. RENO

FIRE CHIEF

RICHARD G. POWELL

POLICE CHIEF

STEPHEN C. RENICO

DIRECTOR OF PUBLIC SERVICES

GERALD C. FRANCIS

TOWNSHIP ATTORNEY

MARK T. MAHLBERG

June 21, 2004

Saginaw Charter Township Board
Saginaw, Michigan

The Comprehensive Annual Financial Report of Saginaw Charter Township, Michigan, for the fiscal year ended March 31, 2004 is submitted herewith. This report was prepared by the Saginaw Charter Township Finance Department with assistance from the Township's Independent Auditors. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the Township. We believe the data, as presented, is accurate in all material respects; that it is presented in a manner designed to fairly set forth the financial position and results of operations of the Township, as measured by the financial activity of its various funds; and that the disclosures necessary to enable the reader to gain the maximum understanding of the Township's financial activity have been included.

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The **introductory section** includes this transmittal letter, a list of principal officials and the Certificate of Achievement for Excellence in Financial Reporting. The **financial section** includes Management's Discussion and Analysis, the basic financial statements and the combining fund statements, as well as the auditor's report on the financial statements. The **statistical section** includes, at a minimum, the required GFOA financial and demographic information, generally presented on a multi year basis.

This report includes all funds of the Township and its component unit as defined in Government Accounting Standards Board Statement No. 14, "The Financial Reporting Entity." The Township has implemented GASB Statement No. 14, which sets forth criteria for including/excluding certain related entities in the Township's financial statements. As a result, the Economic Development Corporation is included as a discretely presented component unit in the financial statements.

PROFILE OF THE GOVERNMENT:

The management of the Township is overseen by an elected Township board. The Charter Township of Saginaw is the second largest governmental unit in Saginaw County, Michigan, with a 2000 Census population of 39,657. Saginaw Charter Township is a residential and retail community with two small light industrial areas. It serves the Tri-Cities area of Saginaw, Bay City, and Midland.

The Township provides many services to the Township residents including police, fire, sanitation, water, sewer, planning and zoning, recreation, refuse collection and general administrative services.

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ASSESSOR 791-9810
BUILDING INSPECTION 791-9850
FAX - 791-9859
CLERK FAX - 797-5360 791-9830

FIRE FAX - 792-5640 792-9691
FISCAL SERVICES 791-9820
FAX - 791-9827
ZONING/CODE ENF. 791-9865

POLICE DEPARTMENT 793-2310
FAX - 791-6384 TDD - 791-1522
PUBLIC SERVICES 791-9870
FAX - 790-8211

RECREATION-791-9860/FAX-399-1106
RAIN OUT - 399-1107
TREASURER 791-9840
WATER & SEWER BILLING 791-9880

FACTORS AFFECTING FINANCIAL CONDITION:

Local Economy:

The Township continues to experience economic growth and development. While much of the focus in the past has been on the Bay Road corridor, the Township has seen growth in other segments of the economy. Following is a summary of some recent developmental activity in the Township.

Commercial:

During 2004, much of the commercial growth was with telecommunications providers and along the State Street corridor. Future projections for economic growth are optimistic as Saginaw Charter Township continues to grow as a regional medical center in addition to its current position as a regional shopping center.

Residential:

The continuing boom in housing construction over the past several years is spurring an increased commercial expansion. As the Township continues to grow as a retail and medical center, we expect a steady growth in valuation and in demand for services. New housing in 2003-04 was again a prominent part of the surge in development.

Major Initiatives:

In 2004, the Township's strategic plan includes the following projects:

- Continued update of the Master Plan
- Continued sidewalk development
- Water transmission system improvements
- Continue the repaving of one more subdivisions under a cost sharing program
- Implement a plan for the Bay Road and Tittabawassee Road corridors
- Establish a Downtown Development Authority to assist our commercial corridors
- Develop a new zoning district for hi-tech manufacturing along Tittabawassee Road
- Develop a sign ordinance
- Joint planning and coordination with neighboring jurisdictions

Future years:

- Continued water transmission system improvements
- Construction of road improvements
- Ballfield improvements at Harvey Randall Wickes Recreation Complex

Financial Management:

Management of the Township is responsible for establishing and maintaining internal control designed to ensure that the assets of the Township are protected from loss, theft or misuse and to ensure that adequate accounting data are compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived; and (2) the valuation of costs and benefits requires estimates and judgments by management.

Budgeting Control:

The Township maintains budgetary control with the objective to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the Township Board of Commissioners. Activities of the General and Special Revenue Funds are included in the annual appropriation budget. The level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established by activity in the General Fund and at the fund level for Special Revenue Funds. The Township also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbered amounts lapse at year-end and are reappropriated as part of the following year's budget.

As demonstrated by the statements and schedules included in the financial section of this report, the Township continues to meet its responsibility for sound financial management.

Cash and Investments:

During the year, idle cash was temporarily invested in obligations of the U.S. Government and in Certificates of Deposit ranging from 30 to 180 days to maturity, in short-term repurchase agreements with local banks, in daily interest savings accounts and in interest-bearing checking accounts.

Pension Trust Fund Operations:

These plans are managed through the Township Clerk's Office and the Township Treasurer's office in conjunction with several outside financial institutions and investment firms.

Risk Management:

The Saginaw Charter Township operates a Self-Insured MMRMA fund to fund its general liability and property claims. The Township's Self-Insured Plan is certified by the State of Michigan on an annual basis to insure sufficiency of funds, and sufficiency of reinsurance coverage within the fund.

OTHER INFORMATION:**Independent Audit:**

The Michigan Uniform Accounting and Budgeting Act requires an annual audit by independent certified public accountants. The accounting firm of Rehmann Robson was selected by the Saginaw Charter Township Board of Commissioners to perform the Township's annual audit. The auditor's report on the financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

Accounting Systems and Reports:

The Township's accounting records for traditional governmental operations; i.e., General Fund, Special Revenue Funds, and Capital Project Funds, are maintained on a modified accrual basis of accounting. As a result, the more significant revenues such as property taxes, intergovernmental revenues and investment earnings are recognized as earned and other revenues are generally recognized only when received. Expenditures are recorded when incurred and encumbrances placed when purchase orders are issued. Employees' accumulated unused annual leave, sick pay and longevity pay are also recognized on the modified accrual basis.

Budgetary control is maintained by an annual allotment system. Allotments, or appropriation, balances are encumbered by the simultaneous issuance and recording of purchase orders. Purchase orders that exceed allotted balances are not released until additional appropriations or appropriate budgetary adjustments are made available.

Awards:

It is with great pleasure I report that last year's 2003 Comprehensive Annual Financial Report, as approved by the Township Board, did again receive the Certificate of Achievement for Excellence in Financial Reporting as given by the Government Finance Officers Association (GFOA). The receipt of this award indicates that the Saginaw Charter Township has achieved the highest standards in government accounting and financial reporting as prescribed by the accounting and reporting profession. This Certificate has been inserted as part of the Introductory Section of this report.

Acknowledgements:

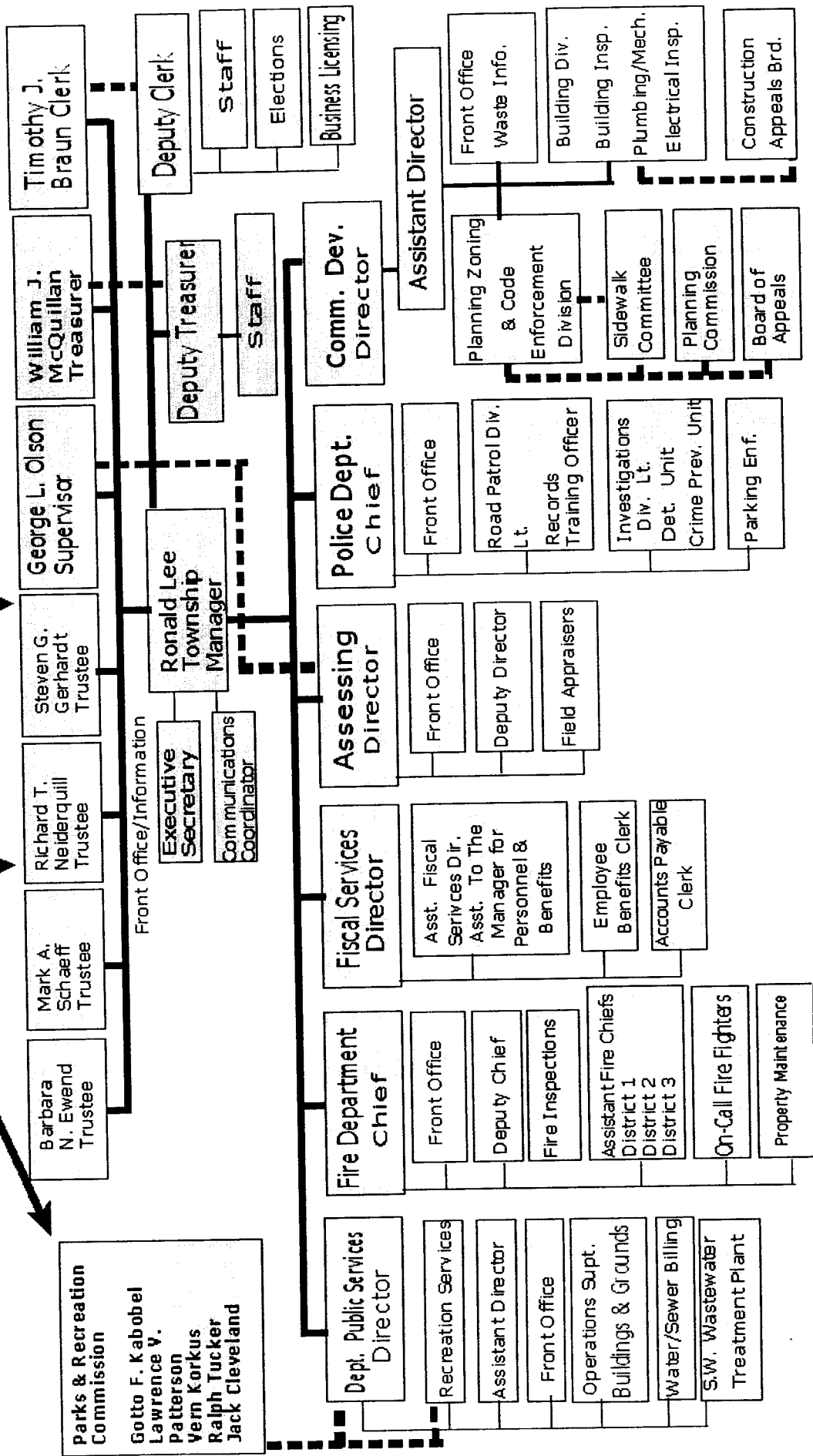
Appreciation is extended to the Finance Department and various employees throughout the Township responsible for financial management and reporting. Their adherence to following the law, utilizing proper accounting methods and eliminating waste from processes has greatly improved the efficiency and accountability of the entire Township.

Respectfully submitted,

A handwritten signature in cursive script that reads "Michele L. Gadd".

Michele L. Gadd,
Director, Fiscal Services Department

SAGINAW CHARTER TOWNSHIP ORGANIZATION CHART **VOTERS OF SAGINAW CHARTER TOWNSHIP** **TOWNSHIP BOARD**



Certificate of Achievement for Excellence in Financial Reporting

Presented to

Saginaw Charter Township,
Michigan

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
March 31, 2003

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in black ink, appearing to read "Edward Haney".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

FINANCIAL SECTION

This section is composed of the following three parts:

Independent Auditor's Report

Management's Discussion and Analysis

Financial Statements

Notes

Supplementary Information



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

INDEPENDENT AUDITORS' REPORT

June 21, 2004

Members of the Township Board
Saginaw Charter Township
Saginaw, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Saginaw Charter Township**, as of and for the year ended March 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **Saginaw Charter Township**, as of March 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparisons of the General, Fire Protection and Police governmental funds for the year then ended in conformity with accounting principles general accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 21, 2004, on our consideration of **Saginaw Charter Township's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Management's Discussion and Analysis listed in the table of contents on pages 3-13 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise **Saginaw Charter Township's** basic financial statements. The combining and individual nonmajor fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in black ink, reading "Lehmann Lohman". The signature is written in a cursive style with a large, prominent 'L' at the beginning.

Management's Discussion and Analysis

As management of *Saginaw Charter Township, Michigan*, we offer readers of the Township's financial statements this narrative overview and analysis of the financial activities of the Township for the fiscal year ended March 31, 2004. We encourage readers to consider the information presented here.

Financial Highlights

- The assets of the Township exceeded its liabilities at the close of the most recent fiscal year by \$64,949,871 (*net assets*). Of this amount, \$14,817,318 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by \$235,291.
- As of the close of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$12,570,057, an increase of \$718,646 in comparison with the prior year. More than 99 percent of this total amount, or \$12,507,003, is *available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$4,065,220 or 79 percent of total general fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Township's basic financial statements. The Township's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The *government-wide financial statements* are designed to provide readers with a broad overview of the Township's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the Township's assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Township is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected special assessments).

Both of the government-wide financial statements distinguish functions of the Township that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Township include general government, public safety, public works, health and welfare, and recreation and cultural. The business-type activities of the Township include sanitary sewer and water operations.

The government-wide financial statements can be found on pages 12-14 of this report.

Fund financial statements. A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Township, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Township can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental funds. *Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Township maintains eleven individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general, fire protection, police fund and garbage and rubbish collection funds, each of which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Township adopts an annual appropriated budget for its general and special revenue funds. Budgetary comparison statements or schedules have been provided herein to demonstrate compliance with those budgets.

The basic governmental fund financial statements can be found on pages 15-23 of this report.

Proprietary funds. The Township maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The Township uses enterprise funds to account for its water and sewer operations. *Internal service funds* are an accounting device used to accumulate and allocate cost internally among the Township's various functions. The Township uses internal service funds to account for its self insurance operations for employees healthcare coverage and property and liability coverage. Because both of these services predominately benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the sanitary sewer and water operations, both of which are considered to be major funds of the Township. Conversely, both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 24-26 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the Township's own programs. The accounting used for fiduciary funds is much like that used for governmental funds.

The basic fiduciary fund financial statement can be found on page 27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-48 of this report.

Other information. The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the accompanying notes. Combining and individual fund statements and schedules can be found on pages 49-67 of this report.

Government-wide Financial Analysis

Since the Township implemented GASB 34 in the current fiscal year, only current year data is provided in the following schedules. In future years, comparative data will be presented.

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Saginaw Charter Township, assets exceeded liabilities by \$64,949,871 at the close of the most recent fiscal year.

One of the largest portions of the Township's net assets (46.6 percent) reflects its investment in capital assets (e.g., land, buildings, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The Township uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Township's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Saginaw Charter Township's Net Assets

	Governmental Activities <u>2004</u>	Business-Type Activities <u>2004</u>	Total
Current and other assets	\$ 14,097,085	\$ 1,947,073	\$ 16,044,158
Capital assets	<u>11,391,244</u>	<u>43,961,381</u>	<u>55,352,625</u>
Total assets	<u>25,488,329</u>	<u>45,908,454</u>	<u>71,396,783</u>
Long-term liabilities			
outstanding	100,000	4,771,500	4,871,500
Other liabilities	<u>946,546</u>	<u>628,866</u>	<u>1,575,412</u>
Total liabilities	<u>1,046,546</u>	<u>5,400,366</u>	<u>6,446,912</u>
Net assets:			
Invested in capital assets, net of related debt	11,391,244	38,741,309	50,132,553
Unrestricted	<u>13,050,539</u>	<u>1,766,779</u>	<u>14,817,318</u>
Total net assets	<u>\$ 24,441,783</u>	<u>\$ 40,508,088</u>	<u>\$ 64,949,871</u>

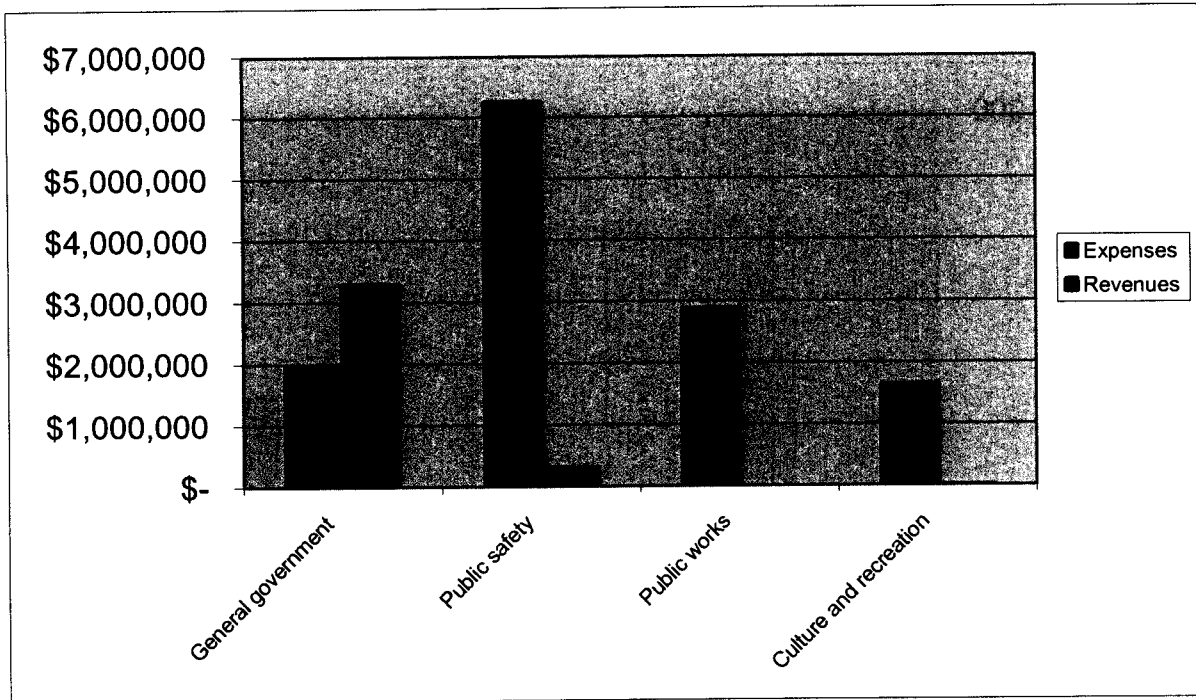
The Township's net assets increased by \$235,291 during the current fiscal year. This growth largely reflects the degree to which ongoing revenues exceeded ongoing expenses.

Saginaw Charter Township's Changes in Net Assets

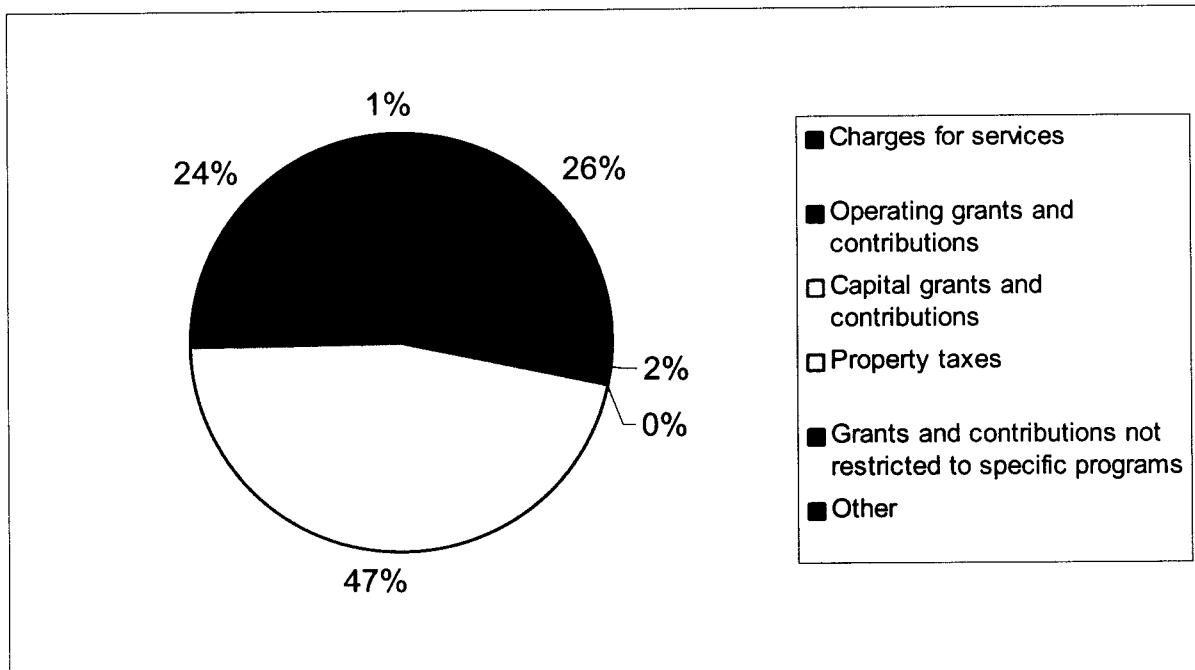
	Governmental Activities <u>2004</u>	Business-Type Activities <u>2004</u>	<u>Total</u>
Revenue:			
Program revenue:			
Charges for services	\$ 3,298,942	\$ 7,835,896	\$11,134,838
Operating grants and contributions	302,427	-	302,427
Capital grants and contributions	250	924,804	925,054
General revenue:			
Property taxes	5,954,607	-	5,954,607
Grants and contrib. not restricted to specific programs	3,104,502	-	3,104,502
Other	<u>108,700</u>	<u>2,879</u>	<u>111,579</u>
Total revenue	<u>12,769,428</u>	<u>8,763,579</u>	<u>21,533,007</u>
Expenses:			
General government	1,981,056	-	1,981,056
Public safety	6,258,951	-	6,258,951
Public works	2,878,450	-	2,878,450
Recreation and cultural	1,643,395	-	1,643,395
Sanitary sewer	-	4,577,175	4,577,175
Water	<u>-</u>	<u>4,009,963</u>	<u>4,009,963</u>
Total expenses	<u>12,761,852</u>	<u>8,587,138</u>	<u>21,348,990</u>
Increase in net assets before transfers	7,576	176,441	184,017
Transfers	<u>186,727</u>	<u>(186,727)</u>	<u>-</u>
Increase (decrease) in net assets	194,303	(10,286)	184,017
Net assets – beginning of year	<u>24,247,480</u>	<u>40,518,374</u>	<u>64,765,854</u>
Total net assets	<u>\$24,441,783</u>	<u>\$ 40,508,088</u>	<u>\$ 64,949,871</u>

Governmental activities. Governmental activities increased the Township's net assets by \$194,303 resulting in about 1 percent growth in the net assets of the Township. This minimal increase is a result of Township revenues and expenses remaining relatively constant, with revenues slightly out pacing expenses.

Expenses and Program Revenues - Governmental Activities

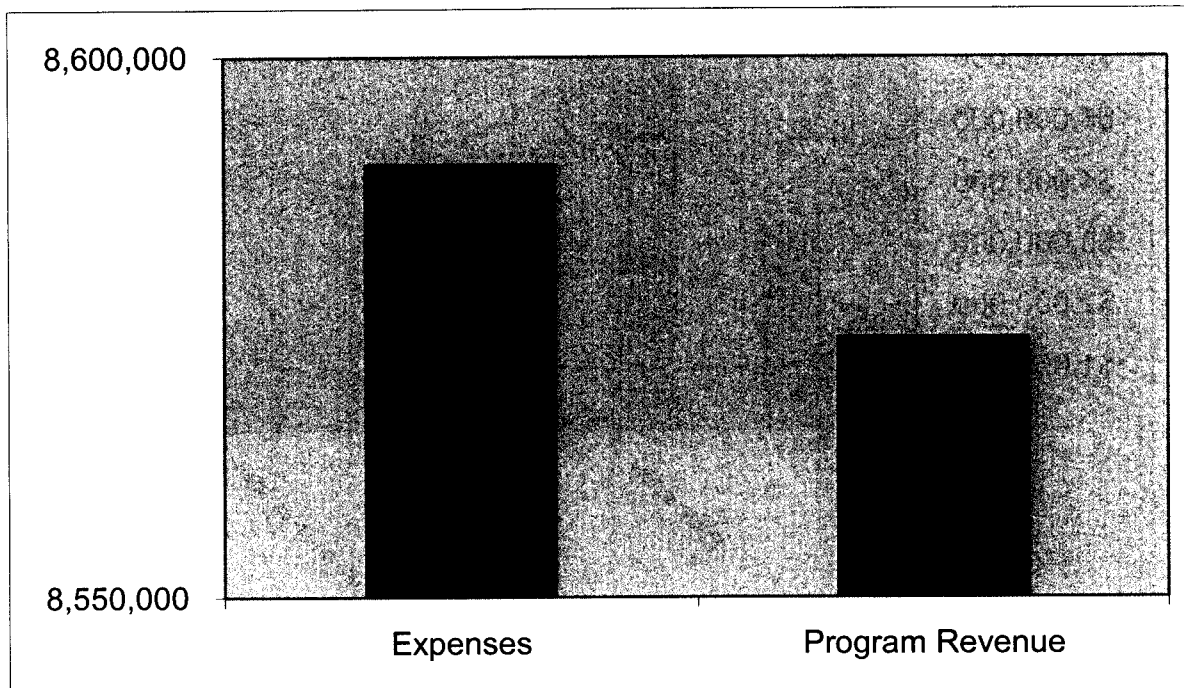


Revenues by Source - Governmental Activities

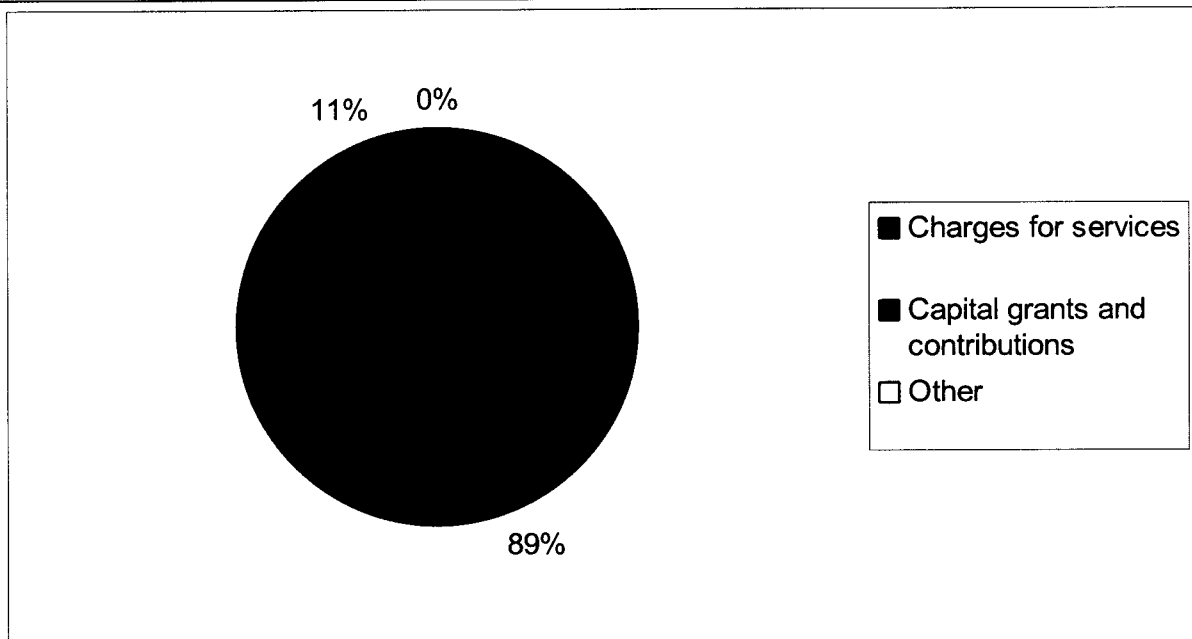


- **Business-type activities.** Business-type activities decreased the Township's net assets by \$10,286.

Expenses and Program Revenues - Business-type Activities



Revenues by Source - Business-type Activities



Financial Analysis of the Government's Funds

As noted earlier, the Township uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds. The focus of the Township's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the Township's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the Township's governmental funds reported combined ending fund balances of \$12,570,057, an increase of \$718,646 in comparison with the prior year. Approximately 99.5 percent of this total amount (\$12,507,003) constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because it has already been committed 1) for other restricted purposes (\$30,915), or 2) for long-term advances (\$32,139).

The general fund is the chief operating fund of the Township. At the end of the current fiscal year, unreserved fund balance of the general fund was \$4,065,220, and total fund balance was \$4,119,371. As a measure of the general fund's liquidity, it may be useful to compare unreserved fund balance to total fund expenditures. Unreserved fund balance represents 79 percent of total general fund expenditures.

The fund balance of the Township's general fund decreased by \$116,412 during the current fiscal year. The decrease is attributable to revenues in excess of expenditures, coupled with transfers out to the Police and Community Development funds.

The Fire Protection fund has a total fund balance of \$975,079, which increased by \$49,442 during the year. The increase is primarily attributable to an increase in the property tax levy for fire fund operations.

The Police fund has a total fund balance of \$4,832,252, which increased by \$517,100 during the year. The increase is primarily attributable to an increase in the property tax levy and transfer in from the General Fund for police fund operations, coupled with a reduction in expenses.

The Garbage and Rubbish Collection fund has a total fund balance of \$1,269,065, which decreased slightly, by \$12,261 during the year. The decrease is attributable to the stable contractual service costs.

Proprietary funds. The Township's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

Total net assets of the Water and Sewer funds at the end of the year amounted to \$18,873,908 and \$21,634,180, respectively. The Sewer fund had an increase in net assets for the year of \$192,113 and the Water fund had a decrease in net assets for the year of \$202,399. Other factors concerning the finances of these two funds have already been addressed in the discussion of the Township's business-type activities.

General Fund Budgetary Highlights

Differences between the original and final amended budgets for expenditures were relatively minor and the adjustments were made as a part of the Township's budget procedures to address changes in activity during the year.

Budget to actual comparisons for the Township's general fund were generally favorable.

Capital Asset and Debt Administration

Capital assets. The Township's investment in capital assets for its governmental and business-type activities as of March 31, 2004, amounted to \$55,352,625 (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements and machinery and equipment.

Saginaw Charter Township's Capital Assets (net of depreciation)

	Governmental Activities	Business-Type Activities	Total
Land	\$ 667,710	\$ 261,573	\$ 929,283
Construction in progress	-	17,575	17,575
Land improvements	2,292,239	-	2,292,239
Buildings and systems	6,493,315	43,271,263	49,764,578
Equipment	293,649	292,631	586,280
Vehicles	<u>1,644,331</u>	<u>118,339</u>	<u>1,762,670</u>
Total net assets	<u>\$11,391,244</u>	<u>\$43,961,381</u>	<u>\$55,352,625</u>

Additional information on the Township's capital assets can be found in note 3 on pages 37-38 of this report.

Long-term debt. At the end of the current fiscal year, the Township had total debt outstanding of \$5,787,842. Of this amount, \$5,220,072 represents bonds secured solely by specified revenue sources (i.e., revenue bonds), \$467,770 represents accrued compensated absences, and \$100,000 for the postclosure landfill liability.

Saginaw Charter Township's Outstanding Debt General Obligation and Revenue Bonds

	<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
Contracts payable	\$ -	\$ 5,220,072	\$ 5,220,072
Accrued compensated absences	467,770	-	467,770
Landfill liability	<u>100,000</u>	<u>-</u>	<u>100,000</u>
Total net debt	<u>\$ 567,770</u>	<u>\$ 5,220,072</u>	<u>\$ 5,787,842</u>

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of its total assessed valuation. The current debt limitation for the Township is \$133,622,270, which is significantly in excess of the Township's outstanding general obligation debt.

Additional information on the Township's long-term debt can be found in note 7 on pages 43-45 of this report.

Economic Factors and Next Year's Budgets and Rates

The following factors were considered in preparing the Township's budget for the 2004-05 fiscal year:

- The February 2004 unemployment rate for the Saginaw County metropolitan area (the Township is in the Saginaw area) was 9.1 percent, which is an increase from a rate of 8.1 percent a year ago. The Township rate was 5.2 percent. The State average was 7.2 percent and National rate was 5.7 percent.
- The Township is comprised principally of residential areas with several key commerce corridors. There is a stable business base.
- Inflationary trends in the region compare favorably to national indices.

Requests for Information

This financial report is designed to provide a general overview of the Township's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Township Finance Department, 4980 Shattuck Rd, Saginaw, Michigan 48608.

Basic Financial Statements

SAGINAW CHARTER TOWNSHIP
STATEMENT OF NET ASSETS
MARCH 31, 2004

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	
Assets				
Cash and cash equivalents	\$ 11,616,657	\$ 1,245,522	\$ 12,862,179	\$ 523
Investments	-	-	-	2,312
Accounts receivable	1,116,868	1,403,193	2,520,061	-
Due from other governments	179,068	-	179,068	-
Due from others	191,947	-	191,947	-
Internal balances	915,666	(915,666)	-	-
Prepaid items and other assets	45,853	7,473	53,326	-
Inventory	31,026	206,551	237,577	-
Non-depreciable capital assets	667,710	279,148	946,858	-
Capital assets, net of depreciation	10,723,534	43,682,233	54,405,767	-
Total assets	25,488,329	45,908,454	71,396,783	2,835
Liabilities				
Accounts payable	478,776	180,294	659,070	-
Noncurrent liabilities:				
Due within one year	36,852	448,572	485,424	-
Due in more than one year	530,918	4,771,500	5,302,418	-
Total liabilities	1,046,546	5,400,366	6,446,912	-
Net Assets				
Invested in capital assets, net of related debt	11,391,244	38,741,309	50,132,553	-
Restricted for:				
Other purposes	-	-	-	2,835
Unrestricted	13,050,539	1,766,779	14,817,318	-
Total net assets	\$ 24,441,783	\$ 40,508,088	\$ 64,949,871	\$ 2,835

The accompanying notes are an integral part of these financial statements.

**SAGINAW CHARTER TOWNSHIP
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2004**

Functions / Programs	Expenses	Program Revenues			Net (Expense) Revenue
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary government					
Governmental activities:					
General government	\$ 1,981,056	\$ 3,197,572	\$ 94,065	\$ 250	\$ 1,310,831
Public safety	6,258,951	101,370	204,862	-	(5,952,719)
Public works	2,878,450	-	-	-	(2,878,450)
Culture and recreation	1,643,395	-	3,500	-	(1,639,895)
Total governmental activities	12,761,852	3,298,942	302,427	250	(9,160,233)
Business-type activities:					
Sewer	4,577,175	3,964,592	-	513,333	(99,250)
Water	4,009,963	3,871,304	-	411,471	272,812
Total business-type activities	8,587,138	7,835,896	-	924,804	173,562
Total primary government	\$ 21,348,990	\$ 11,134,838	\$ 302,427	\$ 925,054	\$ (8,986,671)
Component unit					
Economic Development Corporation	\$ -	\$ -	\$ -	\$ -	\$ -

continued...

**SAGINAW CHARTER TOWNSHIP
STATEMENT OF ACTIVITIES (CONCLUDED)
FOR THE YEAR ENDED MARCH 31, 2004**

Functions/Programs	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Changes in net assets				
Net (expense) revenue	\$ (9,160,233)	\$ 173,562	\$ (8,986,671)	\$ -
General revenues:				
Property taxes	5,954,607	-	5,954,607	-
Grants and contributions not restricted to specific programs	3,104,502	-	3,104,502	-
Unrestricted investment earnings	102,369	-	102,369	15
Gain on sale of capital assets	-	2,879	2,879	-
Miscellaneous revenues	6,331	-	6,331	-
Transfers - internal activities	186,727	(186,727)	-	-
Total general revenues, contributions and transfers	9,354,536	(183,848)	9,170,688	15
Change in net assets	194,303	(10,286)	184,017	15
Net assets, beginning of year, as restated	24,247,480	40,518,374	64,765,854	2,820
Net assets, end of year	\$ 24,441,783	\$ 40,508,088	\$ 64,949,871	\$ 2,835

The accompanying notes are an integral part of these financial statements.

**SAGINAW CHARTER TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2004**

	FIRE		
	GENERAL	PROTECTION	POLICE
<u>ASSETS</u>			
Cash and cash equivalents	\$ 2,700,807	\$ 919,989	\$ 4,574,863
Receivables:			
Current and delinquent property taxes	97,379	-	106,575
Special assessments	241,987	-	-
Accounts, (net of allowance for doubtful accounts)	467,497	5,090	55,514
Advance to Soccer Association	32,139	-	-
Due from other funds	915,666	-	-
Due from other governmental units	-	51,130	127,938
Due from others	-	-	-
Inventory	31,026	-	-
Prepaid expenditures	22,012	1,521	1,038
<u>TOTAL ASSETS</u>	<u>\$ 4,508,513</u>	<u>\$ 977,730</u>	<u>\$ 4,865,928</u>

The accompanying notes are an integral part of these financial statements.

GARBAGE AND RUBBISH COLLECTION	OTHER GOVERNMENTAL FUNDS	TOTAL
\$ 1,260,308	\$ 1,267,465	\$ 10,723,432
-	4,446	208,400
-	94,039	336,026
-	1,554	529,655
-	-	32,139
-	-	915,666
-	-	179,068
191,947	-	191,947
-	-	31,026
-	8,903	33,474
\$ 1,452,255	\$ 1,376,407	\$ 13,180,833

Continued

**SAGINAW CHARTER TOWNSHIP
BALANCE SHEET
GOVERNMENTAL FUNDS
MARCH 31, 2004**

	FIRE		
	GENERAL	PROTECTION	POLICE
<u>LIABILITIES, EQUITY AND OTHER CREDITS</u>			
LIABILITIES			
Accounts payable	\$ 41,344	\$ 2,651	\$ 30,326
Accrued liabilities	105,811	-	3,350
Deferred revenue	241,987	-	-
	<hr/>		
TOTAL LIABILITIES	389,142	2,651	33,676
	<hr/>		
EQUITY AND OTHER CREDITS			
Fund balances:			
Reserved for:			
Prepaid expenditures	22,012	1,521	1,038
Advance to Soccer Association	32,139	-	-
Unreserved			
Designated - Center Courts	213,089	-	-
Designated - D.A.R.E. Program	-	-	8,481
Undesignated - Major funds	3,852,131	973,558	4,822,733
Undesignated - Nonmajor special revenue funds	-	-	-
Undesignated - Nonmajor capital projects funds	-	-	-
	<hr/>		
TOTAL EQUITY AND OTHER CREDITS	4,119,371	975,079	4,832,252
	<hr/>		
<u>TOTAL LIABILITIES, EQUITY</u>			
<u>AND OTHER CREDITS</u>			
	\$ 4,508,513	\$ 977,730	\$ 4,865,928

The accompanying notes are an integral part of these financial statements.

GARBAGE AND RUBBISH COLLECTION	OTHER GOVERNMENTAL FUNDS	TOTAL
\$ 183,190	\$ 2,117	\$ 259,628
-	-	109,161
-	-	241,987
183,190	2,117	610,776
-	8,903	33,474
-	-	32,139
-	-	213,089
-	-	8,481
1,269,065	-	10,917,487
-	298,432	298,432
-	1,066,955	1,066,955
1,269,065	1,374,290	12,570,057
\$ 1,452,255	\$ 1,376,407	\$ 13,180,833

**SAGINAW CHARTER TOWNSHIP
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET ASSETS
March 31, 2004**

Fund balances - total governmental funds	\$ 12,570,057
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources, and therefore not reported in the funds.	
Add: capital assets	18,867,512
Subtract: accumulated depreciation	(7,476,268)
Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (such as certain receivables) are offset by deferred revenues in the governmental funds, and thus are not included in fund balance.	
Add: deferred special assessments	241,987
Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The assets and liabilities of certain internal service funds are included in governmental activities in the statement of net assets.	
Add: net assets of governmental activities accounted for in internal service funds	806,265
Certain liabilities, such as bonds payable, are not due and payable in the current period, and therefore are not reported in the funds.	
Subtract: compensated absences and other long-term liabilities	<u>(567,770)</u>
Net assets of governmental activities	<u><u>\$ 24,441,783</u></u>

The accompanying notes are an integral part of these financial statements.

SAGINAW CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED MARCH 31, 2004

	GENERAL	FIRE PROTECTION	POLICE
REVENUES			
Taxes	\$ 1,443,488	\$ 1,272,918	\$ 3,412,098
Licenses and permits	428,274	-	21,323
Intergovernmental	3,104,502	-	42,618
Charges for services	277,572	4,248	120,333
Fines and forfeits	150,467	-	-
Special assessments	456,204	-	-
Interest and rent	55,327	8,855	37,836
Other revenue	142,995	1,727	75,025
TOTAL REVENUES	6,058,829	1,287,748	3,709,233
EXPENDITURES			
Current:			
General government	1,392,275	-	-
Public safety	92,033	1,171,424	4,110,594
Highway and Streets	1,158,142	-	-
Sanitation	-	-	-
Recreation and cultural	1,660,733	-	-
Other	829,572	-	-
TOTAL EXPENDITURES	5,132,755	1,171,424	4,110,594
REVENUES OVER (UNDER) EXPENDITURES	926,074	116,324	(401,361)
OTHER FINANCING SOURCES (USES)			
Transfers in	645,015	-	1,254,600
Transfers (out)	(1,687,501)	(66,882)	(336,139)
TOTAL OTHER FINANCING SOURCES (USES)	(1,042,486)	(66,882)	918,461
NET CHANGE IN FUND BALANCES	(116,412)	49,442	517,100
FUND BALANCES, BEGINNING OF PERIOD	4,235,783	925,637	4,315,152
FUND BALANCES, END OF PERIOD	\$ 4,119,371	\$ 975,079	\$ 4,832,252

The accompanying notes are an integral part of these financial statements.

GARBAGE AND RUBBISH COLLECTION	OTHER GOVERNMENTAL FUNDS	TOTAL
\$ -	\$ 201,871	\$ 6,330,375
-	304,274	753,871
-	12,270	3,159,390
1,433,211	1,599	1,836,963
-	-	150,467
-	-	456,204
8,694	23,912	134,624
-	3,619	223,366
1,441,905	547,545	13,045,260
-	-	1,392,275
-	639,374	6,013,425
-	-	1,158,142
1,454,166	-	1,454,166
-	5,028	1,665,761
-	-	829,572
1,454,166	644,402	12,513,341
(12,261)	(96,857)	531,919
-	436,726	2,336,341
-	(59,092)	(2,149,614)
-	377,634	186,727
(12,261)	280,777	718,646
1,281,326	1,093,513	11,851,411
\$ 1,269,065	\$ 1,374,290	\$ 12,570,057

**SAGINAW CHARTER TOWNSHIP
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED MARCH 31, 2004**

Net change in fund balances - total governmental funds	\$	718,646
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation

Add: capital outlay	225,155	
Subtract: depreciation expense	(820,843)	

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds, but rather are deferred to the following fiscal year.

Add: current year deferred special assessments	241,987	
Subtract: prior year deferred special assessments	(526,521)	

The reduction of the Townships's long-term liability for environmental remediation did not provide current financial resources, and was consequently not reported in the funds.

Add: reduction of long-term liability for environmental remediation	52,000	
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Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Add: decrease in the accrual of compensated absences	22,970	
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Internal service funds are used by management to charge the costs of certain activities, such as insurance and other centralized costs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.

Add: interest revenue from governmental internal service funds	8,703	
Add: net operating income from governmental activities accounted for in internal service funds	272,206	

Change in net assets of governmental activities	\$	<u>194,303</u>
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The accompanying notes are an integral part of these financial statements.

SAGINAW CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED MARCH 31, 2004

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Taxes	\$ 1,509,875	\$ 1,466,072	\$ 1,443,488	\$ (22,584)
Licenses and permits	482,727	423,872	428,274	4,402
Intergovernmental - State	3,112,000	3,212,739	3,104,502	(108,237)
Charges for services	232,000	241,900	277,572	35,672
Fines and forfeits	123,100	111,300	150,467	39,167
Special assessments	420,762	380,124	456,204	76,080
Interest and rent	80,000	120,000	55,327	(64,673)
Other	461,127	446,922	142,995	(303,927)
TOTAL REVENUES	<u>6,421,591</u>	<u>6,402,929</u>	<u>6,058,829</u>	<u>(344,100)</u>
EXPENDITURES				
Current				
General government	1,491,221	1,457,816	1,392,275	(65,541)
Public safety	126,240	110,265	92,033	(18,232)
Highway and Streets	1,068,922	1,184,720	1,158,142	(26,578)
Recreation and cultural	1,686,752	1,794,773	1,660,733	(134,040)
Other	920,540	840,200	829,572	(10,628)
TOTAL EXPENDITURES	<u>5,293,675</u>	<u>5,387,774</u>	<u>5,132,755</u>	<u>(255,019)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>1,127,916</u>	<u>1,015,155</u>	<u>926,074</u>	<u>(89,081)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	710,762	672,346	645,015	(27,331)
Transfers (out)	(1,838,678)	(1,687,501)	(1,687,501)	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>(1,127,916)</u>	<u>(1,015,155)</u>	<u>(1,042,486)</u>	<u>(27,331)</u>
NET CHANGE IN FUND BALANCES	-	-	(116,412)	(116,412)
FUND BALANCE, BEGINNING OF PERIOD	<u>4,235,783</u>	<u>4,235,783</u>	<u>4,235,783</u>	-
FUND BALANCE, END OF PERIOD	<u>\$ 4,235,783</u>	<u>\$ 4,235,783</u>	<u>\$ 4,119,371</u>	<u>\$ (116,412)</u>

The accompanying notes are an integral part of these financial statements.

**SAGINAW CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE FUND
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Property taxes	\$ 1,315,422	\$ 1,282,240	\$ 1,272,918	(9,322)
Charges for services	550	50	4,248	4,198
Interest	5,000	8,000	5,733	(2,267)
Rent	2,800	2,800	3,122	322
Other				
Donations	-	-	750	750
Miscellaneous	250	750	977	227
TOTAL REVENUES	<u>1,324,022</u>	<u>1,293,840</u>	<u>1,287,748</u>	<u>(6,092)</u>
EXPENDITURES				
Public safety:				
Salaries	298,915	284,400	281,057	(3,343)
Benefits	206,480	165,840	163,107	(2,733)
Volunteer firemen	254,200	250,600	250,321	(279)
Supplies	71,000	94,500	86,842	(7,658)
Services	31,000	39,646	25,770	(13,876)
Communications	34,600	36,900	28,228	(8,672)
Transportation	60,000	54,000	73,999	19,999
Insurance	64,100	51,500	58,593	7,093
Public utilities	42,000	42,000	42,194	194
Repairs and maintenance	106,000	132,000	70,581	(61,419)
Education and training	26,000	24,000	24,857	857
Computer expense	-	-	3,053	3,053
Miscellaneous	4,000	4,000	4,137	137
Capital outlay/other	53,500	46,200	58,685	12,485
TOTAL EXPENDITURES	<u>1,251,795</u>	<u>1,225,586</u>	<u>1,171,424</u>	<u>(54,162)</u>
REVENUES OVER (UNDER) EXPENDITURES	<u>72,227</u>	<u>68,254</u>	<u>116,324</u>	<u>48,070</u>
OTHER FINANCING (USES)				
Transfers (out)	<u>(72,227)</u>	<u>(68,254)</u>	<u>(66,882)</u>	<u>1,372</u>
NET CHANGE IN FUND BALANCES	<u>-</u>	<u>-</u>	<u>49,442</u>	<u>49,442</u>
FUND BALANCES, BEGINNING OF PERIOD	<u>925,637</u>	<u>925,637</u>	<u>925,637</u>	<u>-</u>
FUND BALANCES, END OF PERIOD	<u>\$ 925,637</u>	<u>\$ 925,637</u>	<u>\$ 975,079</u>	<u>\$ 49,442</u>

The accompanying notes are an integral part of these financial statements.

SAGINAW CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE FUND
FOR THE YEAR ENDED MARCH 31, 2004

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Current property taxes	\$ 3,502,985	\$ 3,447,400	\$ 3,412,098	(35,302)
Licenses and permits	23,150	23,150	21,323	(1,827)
Intergovernmental:				
Federal	36,070	35,020	27,000	(8,020)
State	14,000	12,000	15,618	3,618
Charges for services	97,600	98,600	120,333	21,733
Interest and rent	40,000	66,500	37,836	(28,664)
Other	80,000	84,000	75,025	(8,975)
TOTAL REVENUES	3,793,805	3,766,670	3,709,233	(57,437)
EXPENDITURES				
Public safety:				
Salaries	2,731,112	2,720,388	2,364,450	(355,938)
Benefits	1,324,531	1,227,344	1,190,397	(36,947)
Supplies	107,000	107,000	102,035	(4,965)
Services	12,600	12,300	11,218	(1,082)
Communications	43,000	45,500	51,348	5,848
Transportation	159,500	161,750	136,612	(25,138)
Insurance	147,200	134,600	134,558	(42)
Public utilities	7,500	7,500	8,290	790
Repairs and maintenance	19,000	19,500	12,149	(7,351)
Education and training	21,500	22,000	19,440	(2,560)
Miscellaneous	10,000	35,000	24,690	(10,310)
Capital outlay/other	106,560	169,486	55,407	(114,079)
TOTAL EXPENDITURES	4,689,503	4,662,368	4,110,594	(551,774)
REVENUES OVER (UNDER) EXPENDITURES	(895,698)	(895,698)	(401,361)	494,337
OTHER FINANCING SOURCES (USES)				
Transfers in	1,274,939	1,254,600	1,254,600	-
Transfers (out)	(379,241)	(358,902)	(336,139)	22,763
TOTAL OTHER FINANCING SOURCES/USES	895,698	895,698	918,461	22,763
NET CHANGE IN FUND BALANCES	-	-	517,100	517,100
FUND BALANCES, BEGINNING OF PERIOD	4,315,152	4,315,152	4,315,152	-
FUND BALANCES, END OF PERIOD	\$ 4,315,152	\$ 4,315,152	\$ 4,832,252	\$ 517,100

The accompanying notes are an integral part of these financial statements.

**SAGINAW CHARTER TOWNSHIP
STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
GARBAGE AND RUBBISH COLLECTION
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Charges for services	\$ 1,419,950	\$ 1,419,950	\$ 1,433,211	\$ 13,261
Interest and rent	<u>10,000</u>	<u>10,000</u>	<u>8,694</u>	<u>(1,306)</u>
TOTAL REVENUES	1,429,950	1,429,950	1,441,905	11,955
EXPENDITURES				
Sanitation	<u>1,511,323</u>	<u>1,511,323</u>	<u>1,454,166</u>	<u>(57,157)</u>
NET CHANGE IN FUND BLANCE	(81,373)	(81,373)	(12,261)	69,112
FUND BALANCES, BEGINNING OF PERIOD	<u>1,281,326</u>	<u>1,281,326</u>	<u>1,281,326</u>	<u>-</u>
FUND BALANCES, END OF PERIOD	<u>\$ 1,199,953</u>	<u>\$ 1,199,953</u>	<u>\$ 1,269,065</u>	<u>\$ 69,112</u>

The accompanying notes are an integral part of these financial statements.

**SAGINAW CHARTER TOWNSHIP
STATEMENT OF NET ASSETS
PROPRIETARY FUNDS
MARCH 31, 2004**

<u>ASSETS</u>	<u>ENTERPRISE FUNDS</u>			<u>INTERNAL SERVICE FUND</u>
	<u>WATER FUND</u>	<u>SEWER FUND</u>	<u>TOTAL</u>	
CURRENT ASSETS				
Cash and cash equivalents	\$ 657,095	\$ 588,427	\$ 1,245,522	\$ 893,225
Accounts receivable - net	1,091,957	311,236	1,403,193	10,650
Due from other funds	-	616,527	616,527	-
Inventory	206,551	-	206,551	12,379
Prepaid expenses	7,473	-	7,473	-
TOTAL CURRENT ASSETS	1,963,076	1,516,190	3,479,266	916,254
CAPITAL ASSETS				
Property, plant and equipment	26,043,478	46,101,305	72,144,783	-
Less accumulated depreciation	(8,381,198)	(19,802,204)	(28,183,402)	-
TOTAL CAPITAL ASSETS	17,662,280	26,299,101	43,961,381	-
<u>TOTAL ASSETS</u>	<u>19,625,356</u>	<u>27,815,291</u>	<u>47,440,647</u>	<u>916,254</u>
<u>LIABILITIES</u>				
CURRENT LIABILITIES				
Accounts payable	21,558	90,814	112,372	109,989
Current portion - revenue contracts payable	-	448,572	448,572	-
Compensated absences payable	21,789	46,133	67,922	-
Due to other funds	708,101	824,092	1,532,193	-
TOTAL CURRENT LIABILITIES	751,448	1,409,611	2,161,059	109,989
LONG-TERM LIABILITIES				
Revenue contracts payable	-	4,771,500	4,771,500	-
TOTAL LIABILITIES	751,448	6,181,111	6,932,559	109,989
NET ASSETS				
Invested in capital assets, net of related debt	17,662,280	21,079,029	38,741,309	-
Unrestricted	1,211,628	555,151	1,766,779	806,265
TOTAL NET ASSETS	\$ 18,873,908	\$ 21,634,180	\$ 40,508,088	\$ 806,265

The accompanying notes are an integral part of these financial statements.

**SAGINAW CHARTER TOWNSHIP
STATEMENT OF REVENUE, EXPENSES AND
CHANGES IN FUND NET ASSETS
PROPRIETARY FUNDS
FOR THE YEAR ENDED MARCH 31, 2004**

	ENTERPRISE FUNDS			INTERNAL SERVICE FUND
	WATER FUND	SEWER FUND	TOTAL	
OPERATING REVENUES				
Charges for services	\$ 3,865,105	\$ 3,955,933	\$ 7,821,038	1,698,531
Other	1,576	580	2,156	2,363
TOTAL OPERATING REVENUES	3,866,681	3,956,513	7,823,194	1,700,894
OPERATING EXPENSES				
Operation and maintenance	-	1,438,459	1,438,459	342,470
Personal services	595,923	639,424	1,235,347	-
Supplies	37,157	35,025	72,182	-
Other services and charges	521,700	412,274	933,974	163,147
Health insurance benefits/premiums/fees	104,360	189,474	293,834	923,071
Cost of goods sold	2,228,264	163,470	2,391,734	-
Depreciation	522,559	1,537,945	2,060,504	-
TOTAL OPERATING EXPENSES	4,009,963	4,416,071	8,426,034	1,428,688
OPERATING INCOME (LOSS)	(143,282)	(459,558)	(602,840)	272,206
NONOPERATING REVENUES (EXPENSES)				
Gain (loss) on sale of assets	2,880	-	2,880	-
Interest revenue	4,623	8,079	12,702	8,703
Interest expense	-	(161,105)	(161,105)	-
TOTAL NONOPERATING REVENUES (EXPENSES)	7,503	(153,026)	(145,523)	8,703
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	(135,779)	(612,584)	(748,363)	280,909
Capital contributions	411,471	513,333	924,804	-
Transfers (out)	(83,579)	(103,148)	(186,727)	-
Changes in net assets	192,113	(202,399)	(10,286)	280,909
Net assets, beginning of period	18,681,795	21,836,579	40,518,374	525,356
Net Assets, end of period	\$ 18,873,908	\$ 21,634,180	\$ 40,508,088	\$ 806,265

The accompanying notes are an integral part of these financial statements.

**SAGINAW CHARTER TOWNSHIP
PROPRIETARY FUNDS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004**

	ENTERPRISE FUNDS			INTERNAL SERVICE FUNDS
	WATER FUND	SEWER FUND	TOTAL	
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 3,745,242	\$ 4,036,911	\$ 7,782,153	\$ 122,603
Cash received from interfund services	270,990	-	270,990	1,597,292
Cash payments to employees	(595,923)	(637,590)	(1,233,513)	-
Cash payments to suppliers for goods and services	(2,949,015)	(2,299,557)	(5,248,572)	(1,507,230)
Cash payments for interfund services	-	(329,576)	(329,576)	-
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	471,294	770,188	1,241,482	212,665
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers out	(83,579)	(103,148)	(186,727)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:				
Capital contributions	411,473	513,333	924,806	-
Acquisition of capital assets	(442,631)	(677,633)	(1,120,264)	-
Principal paid on long-term debt	-	(402,722)	(402,722)	-
Interest and fiscal charges paid on long-term debt	-	(161,105)	(161,105)	-
NET CASH (USED) BY CAPITAL AND RELATED FINANCING ACTIVITIES	(31,158)	(728,127)	(759,285)	-
CASH FLOWS FROM INVESTING ACTIVITIES:				
Sale of investments	2,929	450,000	452,929	-
Purchase of investments	-	-	-	509,465
Interest on investments	4,623	8,079	12,702	8,703
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	7,552	458,079	465,631	518,168
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	364,109	396,992	761,101	730,833
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	292,986	191,434	484,420	162,392
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 657,095	\$ 588,426	\$ 1,245,521	\$ 893,225
CASH FLOWS FROM OPERATING ACTIVITIES:				
Operating income (loss)	\$ (143,282)	\$ (459,558)	\$ (602,840)	\$ 272,206
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	522,559	1,537,945	2,060,504	-
(Increase) decrease in assets:				
Accounts receivable	(121,439)	80,398	(41,041)	19,001
Due from other funds	4,701	(256,313)	(251,612)	-
Inventory	(9,465)	-	(9,465)	-
Prepaid expenses	(7,473)	-	(7,473)	(12,379)
Increase (decrease) in liabilities:				
Accounts payable	(40,596)	(60,855)	(101,451)	(66,163)
Compensated absences	-	1,834	1,834	-
Due to other funds	266,289	(73,263)	193,026	-
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 471,294	\$ 770,188	\$ 1,241,482	\$ 212,665

The accompanying notes are an integral part of these financial statements.

**SAGINAW CHARTER TOWNSHIP
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
MARCH 31, 2004**

	TOTALS
ASSETS	
Cash and cash equivalents	\$ 365,594
Accounts receivable	311
Delinquent personal property taxes	1,161,710
Due from others	<u>5,294</u>
TOTAL ASSETS	<u>\$ 1,532,909</u>
LIABILITIES AND FUND BALANCE	
LIABILITIES	
Accounts payable	\$ 12
Due to others	243,781
Due to other governmental units	1,021,869
Gross wages - withholdings payable	<u>267,247</u>
TOTAL LIABILITIES	<u>\$ 1,532,909</u>

The accompanying notes are an integral part of these financial statements.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL REPORTING ENTITY

Saginaw Charter Township (the "Township") is a municipal corporation governed by an elected Board. As required by generally accepted accounting principles, the financial statements of the reporting entity include those of the Township and its component unit. The component unit discussed below is included in the Township's reporting entity because of the significance of its financial relationship with the Township.

Discretely Presented Component Unit

The Economic Development Corporation (EDC) is included as a part of the Township's financial statements because the Township is financially accountable for the EDC and the Township Board has the ability to significantly influence the operation of the EDC. The financial statements of this component unit of the Township, which are reported on for the fiscal year ending December 31, 2003, are presented as a discretely presented component unit of the Township. A complete financial statement can be obtained from Saginaw Charter Township Offices, Saginaw, Michigan 48626.

GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component unit. For the most part, the effect of the interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenues, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *Program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements, except for agency funds which do not have a measurement focus. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, intergovernmental revenues and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Only the portion of special assessments receivable due within the current fiscal period is considered to be susceptible to accrual as revenue of the current period. All other revenue items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The *General Fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

The *Fire Protection Fund* accounts for the separate voted millage and related operation of the fire department.

The *Police Fund* accounts for the separate voted millage and the related operation of the police department.

The *Garbage and Rubbish Collection Fund* accounts for the separate voted millage and the related operation of the police department.

The government reports the following major proprietary funds:

The *Water Fund* accounts for the activities of the government's water distribution system.

The *Sewer Fund* accounts for the activities of the government's sewage disposal and treatment system.

Additionally, the Township reports the following fund types:

Internal service funds account for health benefits and risk management services provided to other departments or agencies of the government on a cost reimbursement basis.

Agency funds are use to account for assets held for other governments in an agency capacity, including tax collections.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the government's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the sewer and water enterprise funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenues the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, then unrestricted resources as they are needed.

BUDGETS AND BUDGETARY ACCOUNTING

Comparisons to budget are presented for general and special revenue fund types as required by generally accepted accounting principles. The Township follows these procedures in establishing the budgetary data reflected in the financial statements:

1. Prior to March 31, the Township Manager submits to the Township Board a proposed operating budget for the fiscal year commencing the following April 1. The operating budget includes proposed expenditures and the means of financing them. A public hearing is conducted to obtain taxpayer comments.
2. Not later than 60 days prior to April 1, the budget is legally enacted through passage of a resolution.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

3. Budgets for the general and special revenue funds are legally adopted on a basis consistent with generally accepted accounting principles (GAAP). The budget for the General Fund is adopted by activity. In the special revenue funds, budgets are adopted by function with revenue adopted as itemized in the report and with expenditures adopted by budgetary center and reported using the administrative detail for informational purposes.
4. Adoption and amendments of all budgets used by the Township are governed by Michigan Public Act 621, which was complied with during the year ended March 31, 2004. Any amendment of the original budget must meet the requirements of Public Act 621. The Township did amend its budget for the year ended March 31, 2004.
5. The Township Board must approve amendments to the budget for changes in activities which exceed \$1,500 in the General Fund. Management can amend appropriations in the budget between activities for amounts less than \$1,500 without the approval of the Board. Changes in total expenditures in the Special Revenue Funds must be approved by the Township Board.
6. The legal level of control is at the activity level in the General Fund and at the total expenditure level in the Special Revenue Funds.

Budgeted amounts are as originally adopted, or as amended by the Township Board. Encumbered appropriations lapse at year-end and amounts are reappropriated for expenditures to be incurred in the next fiscal year.

ASSETS, LIABILITIES AND NET ASSETS OR EQUITY

Deposits and investments

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments.

Investments are reported at fair value.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Receivables and payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Township property taxes are attached as an enforceable lien on property as of December 1. Taxes are levied December 1 and are due without penalty on or before February 14. These tax bills include the Township's own property taxes and taxes billed on behalf of the school districts within the Township boundaries and Saginaw County.

Real property taxes not collected as of March 1 are turned over to Saginaw County for collection, which advances the Township 100% for the delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

Inventory

Inventory maintained by the General Fund and Water Enterprise Fund is valued at cost using the first-in, first-out method. Inventory of expendable supplies in other funds have not been recorded and the amount of any such inventory is not considered material. The cost value of such inventory was recorded as an expenditure at the time of purchase.

Capital assets

Capital assets, which include property, plant, equipment, infrastructure such as sidewalks, and water and sewer systems, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities, if any, is included as part of the capitalized value of the assets constructed. No such interest expense was incurred during the current fiscal year.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Land improvements	20-30
Buildings	20-50
System infrastructure	5-40
Equipment	5-20
Vehicles	5-20

Compensated absences

The Township allows limited accumulation of unpaid annual leave. Upon leaving employment, any accumulation remaining is paid to the employee. Compensated leave time expected to be liquidated out of available financial resources is accrued in the governmental fund types.

Long-term obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Risk management

The Township is exposed to various risks of loss related to torts; theft of, damage to, and distribution of assets; errors and omissions; injuries to employees and natural disasters. The Township carries commercial insurance to cover any potential claims associated with these risks and has had no claims that exceeded the insurance coverage during the past three years.

2. DEPOSITS AND INVESTMENTS

	<u>Deposits</u>
Government-wide Financial Statement Captions:	
Primary Government - cash and cash equivalents	\$12,862,179
Component Unit - cash and cash equivalents and investments	2,835
Fiduciary Fund Financial Statement Captions:	
Cash and cash equivalents	<u>365,594</u>
Total	<u>\$13,230,608</u>

Deposits

At year end the carrying amount of the Township's deposits and bank certificates of deposit was \$4,481,095 and the bank balance was \$4,515,424. Of the bank balance, \$600,000 was covered by federal depository insurance. Effective June 11, 1997 Michigan law permits collateralization of government deposits; however only the \$600,000 was insured and the remainder of the bank balance of \$3,915,424 was neither insured nor collateralized. Not included in the Township deposits are money market mutual funds obtained through Bank Trust Departments. These mutual funds have daily liquidity and are treated as cash equivalents. The Township has six bank money market mutual funds through bank trust departments totaling \$8,746,678. Bank certificates of deposits totaled \$1,066,015.

The deposits of the discretely presented component unit consists of \$2,312 in Merrill Lynch's Ready Assets and \$523 in a bank checking account. Only the \$523 was covered by federal depository insurance. The \$2,312 investment is uncategorized as to investment risk.

Investments

The term of investments and financial institutions used for investment purposes are determined based on Township needs. The Township Treasurer periodically assesses the financial strength and services provided by financial institutions to help ensure that integrity of principal and Township investment needs are met.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

For the purposes of providing an indication of the assumed levels of risk, investments are categorized as follows:

Category 1 Investments that are insured or registered or for which the securities are held by the Township or its agent in the Township's name.

Category 2 Uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the Township's name.

Category 3 Uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent, but not in the Township's name.

Category			Carrying	Fair
1	2	3	Amount	Value

Uncategorized

Money Market Mutual Funds	\$8,746,678	\$8,746,678
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Deposits and investments are in financial institutions located in the Township of Saginaw in varying amounts. The Township investment policy follows state statutes permitting investment in obligations of the United States Treasury, GNMA's, domestic certificates of deposit, commercial paper with prescribed ratings (limited to 50% of each fund), in government or Federal agency obligation repurchase agreements, bankers acceptances of United States banks, investment grade obligations of Michigan or its political subdivisions, investment pools, and mutual funds composed of investments which are legal for direct investment by local units of government in Michigan.

Township policy limits the Treasurer's investing options to financial institutions located in Saginaw Charter Township except when bonding ordinances specify a specific financial institution. Commercial paper is all rated in the highest classification A-1/P-1. All accounts are in the name of the Township and a specific fund or common account. They are recorded in Township records at fair value. Interest is recorded when available to the applicable account.

A portion of the Township's deposits are pooled for investment purposes, but investments are specifically identified by fund. Cash and certificates of deposit are pooled, with certificates of deposits allocated according to cash balances. In addition, cash and investments are separately held by several of the Township's funds.

The Township's deposits are in accordance with statutory authority.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

3. CAPITAL ASSETS

Capital asset activity for the year ended March 31, 2004 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Governmental activities				
Capital assets not being depreciated – Land	\$ 667,710	\$ -	\$ -	\$ 667,710
Capital assets being depreciated:				
Land improvements	5,203,149	58,446	-	5,261,595
Building	8,394,504	-	-	8,394,504
Equipment	795,325	49,255	(29,924)	814,656
Vehicles	<u>3,767,615</u>	<u>117,454</u>	<u>(156,022)</u>	<u>3,729,047</u>
Total capital assets being depreciated	<u>18,160,593</u>	<u>225,155</u>	<u>(185,946)</u>	<u>18,199,802</u>
Less accumulated depreciation				
Land improvements	(2,782,560)	(186,796)		(2,969,356)
Building	(1,674,347)	(226,842)		(1,901,189)
Equipment	(502,630)	(48,301)	29,924	(521,007)
Vehicles	<u>(1,881,834)</u>	<u>(358,904)</u>	<u>156,022</u>	<u>(2,084,716)</u>
Total accumulated depreciation	<u>(6,841,371)</u>	<u>(820,843)</u>	<u>185,946</u>	<u>(7,476,268)</u>
Total capital assets being depreciated, net	<u>11,319,222</u>	<u>(595,688)</u>	<u>-</u>	<u>10,723,534</u>
Governmental activities capital assets, net	<u>\$ 11,986,932</u>	<u>\$ (595,688)</u>	<u>\$ -</u>	<u>\$ 11,391,244</u>

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Disposals</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets not being depreciated:				
Land	\$ 261,573	\$ -	\$ -	\$ 261,573
Construction in progress	<u>495,380</u>	<u>(1,624)</u>	<u>(476,181)</u>	<u>17,575</u>
Total capital assets not being depreciated	<u>756,953</u>	<u>(1,624)</u>	<u>(476,181)</u>	<u>279,148</u>
Capital assets being depreciated:				
Building, plants, mains	68,631,865	1,453,107	-	70,084,972
Equipment	1,024,729	112,179	(10,510)	1,126,398
Vehicles	<u>639,379</u>	<u>31,158</u>	<u>(16,272)</u>	<u>654,265</u>
Total capital assets being depreciated	<u>70,295,973</u>	<u>1,596,444</u>	<u>(26,782)</u>	<u>71,865,635</u>
Less accumulated depreciation				
Building, plants, mains	(24,851,418)	(1,962,291)	-	(26,813,709)
Equipment	(781,479)	(62,798)	10,510	(833,767)
Vehicles	<u>(516,782)</u>	<u>(35,416)</u>	<u>16,272</u>	<u>(535,926)</u>
Total accumulated depreciation	<u>(26,149,679)</u>	<u>(2,060,504)</u>	<u>26,782</u>	<u>(28,183,402)</u>
Total capital assets being depreciated, net	<u>44,146,294</u>	<u>(464,060)</u>	<u>-</u>	<u>43,682,233</u>
Business-type activities capital assets, net	<u>\$ 44,903,247</u>	<u>\$ (465,684)</u>	<u>\$ (476,181)</u>	<u>\$ 43,961,381</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:

General government	\$ 116,868
Public safety	364,398
Public works	211,309
Parks and recreation	<u>128,268</u>

Total depreciation expense – governmental activities **\$ 820,843**

Business-type activities:

Water	\$ 522,559
Sewer	<u>1,537,945</u>

Total depreciation expense – business-type activities **\$2,060,504**

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

4. PENSION PLANS

Defined Contribution Pension Plan

The Saginaw Charter Township Municipal Government Employees Pension Plan is held in trust and covers 83 full-time employees, over the age of 18, employed with the Township for more than four months prior to April 1st. The third party administrator for this plan is Manulife. Members of the Police Union may choose this plan or the MERS defined benefit pension, at the time of their initial enrollment. In addition, the Township manager is enrolled in the Manager Only Money Purchase Plan administered by the ICMA Retirement Corporation. In a defined contribution plan, benefits depend solely on amounts contributed to the plan plus investment earnings. Defined contribution pension cost to the Township for the fiscal year ending March 31, 2004 was \$704,530, which represented 14.9% of current year covered payroll. Defined contribution pension cost to the employees was \$227,416. Contributions to the plan are recognized when due and payable. Plan provisions and contribution rates are set for union employees by contract and for non-union employees by resolution of the Township Board under the Township's Pension Ordinance. Employees may make voluntary contributions not to exceed 25% total contribution. The Township's policy is to fund pension costs representing 14.5 to 15 percent of the annual salaries of covered employees, as follows:

	<u>NON-UNION</u>	<u>POLICE UNION</u>	<u>UNION LOCAL 486</u>
Township Contribution Rate	15%	15%	14.5%
Required Employee Contribution Rate	2%	2%	2.0%
	<u>17%</u>	<u>17%</u>	<u>16.5%</u>

The Township's contributions for each employee are fully vested after 5 years for non-union/Police Union employees and 10 years for Union Local 486 employees. Unvested benefits forfeited by employees who leave employment early are used to reduce Township contributions. Assets of the plan are valued at \$8,248,147.

Defined Benefit Plan

Plan Description. For Police Union employees choosing the Township's defined benefit pension plan, the plan provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. The Township participates in the Municipal Employees Retirement System of Michigan (MERS), an agent multiple-employer plan operating under Public Act 220 of 1996 and the MERS Plan Document, and administered by the MERS Retirement Board. Changes in benefit coverage are available after approved by a majority vote of the municipalities governing body. The

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Municipal Employees Retirement System of Michigan issues a publicly available financial report that includes financial statements and required supplementary information for MERS. That report may be obtained by writing to the Municipal Employees Retirement System of Michigan, 1134 Municipal Way, Lansing, Michigan 48917 or by calling (800) 767-6377.

Funding Policy . The Township is required to contribute at an actuarially determined rate; the current rate is 13.87% of annual covered payroll. Employees are currently not required to contribute to the Plan. The contribution requirements of the Township are established and may be amended by the Retirement Board of MERS. The contribution requirements of plan members, if any, are established and may be amended by the Township depending on the MERS contribution program adopted by the Township.

Annual Pension Cost. For the year ended March 31, 2004, the Township's annual pension cost of \$201,433 for MERS was equal to the Township's required and actual contributions. The required contribution was determined as part of the December 31, 2001 actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions included (a) a rate of return on the investment of present and future assets of 8.0%, (b) projected salary increases of 4.5% per year compounded annually, attributable to inflation, (c) additional projected salary increases of 0.0% to 4.16% per year, depending on age, attributable to seniority/merit, and (d) the assumption that benefits will increase 2.5% annually after retirement. The actuarial value of MERS assets was determined on the basis of a valuation method that assumes the fund earns the expected rate of return and includes an adjustment to reflect fair value. The Township's unfunded actuarial accrued liability, if any, is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at December 31, 2001, the date of the latest actuarial valuation, was 34 years.

Three-Year Trend Information

<u>Fiscal Year Ending</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
3/31/02	\$203,352	100%	\$0
3/31/03	193,144	100%	0
3/31/04	201,433	100%	0

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Schedule of Funding Progress

Valuation Date	Actuarial Value of Assets	Actuarial Liability (AAL) Entry Age	Unfunded Actuarial Accrued Liability AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/01	\$6,914,749	\$7,900,267	\$985,518	88%	\$1,428,287	69%
12/31/02	7,422,609	8,697,083	1,274,474	85%	1,485,891	86%
12/31/03	7,923,718	8,991,538	1,067,820	88%	1,525,111	70%

5. POST EMPLOYMENT BENEFITS

In addition to the pension benefits described in Note 5, effective April, 1991 the Township provides post retirement health care benefits in accordance with a Township resolution, to all non-union employees who retire on or after age 65 with at least 20 years of service, all police union employees with 25 years of service and Local 486 employees with 30 years of service. Benefits are advance funded, but not on an actuarial basis. Currently three retirees meet the eligibility requirements. The Township reimburses the Medicare supplement premiums for these retirees and their qualified spouses up to \$1,079 per person. Expenditures for the reimbursement are recognized as they are paid in the Health Benefit Internal Service Fund. In addition, police union early retirees with 25 years of service are eligible for 100% Blue Care Network health insurance from age 52 to 65. Currently nine retirees meet the early retirement eligibility requirements. During the year, expenditures of \$84,638 were recognized for retiree health benefits. The Health Benefit Fund has net assets of \$914,366.

6. SELF INSURANCE

Governmental Accounting Standards Board Statement No. 10 on Risk Financing requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of the loss can be reasonably estimated. A summary of the Township's self-insurance is as follows:

Health Benefit: The Township initiated a self insurance health benefit package August 10, 1981. As of March 31, 2004, the maximum aggregate health liability to the Township was \$1,025,895. Amounts above this are covered by an insurance policy. In addition, insurance was purchased for individual health claims which has a \$55,000 per person deductible. Life

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

insurance premiums, short term disability benefits of 70% of compensation, police early retiree health insurance and medigap premium reimbursement are also paid by this fund. Assets of this plan of \$954,781 are recorded in the Internal Service Funds. Liabilities of \$40,415 represent unpaid medical invoices on March 31, 2004. Incurred but not reported (IBNR) of \$0 is included in liabilities.

The changes in the claims liability for the years ended March 31, 2003 and 2004 are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2003	\$75,673	\$1,073,869	\$1,065,556	\$83,986
2004	83,986	714,032	838,433	40,415

Property and Liability: Saginaw Charter Township entered into a Joint Exercise of Powers Agreement with the Michigan Municipal Risk Management Authority (MMRMA) on July 19, 1985. A deficit of \$108,101 representing Saginaw Charter Township's equity in the Authority is recorded in the Internal Service Funds. This deficit is the result of conservative loss estimates and will be eliminated in the upcoming year by assessing the costs to the various funds of the Township. Liabilities include \$69,574 in estimated claims that were incurred but not reported (IBNR) on March 31, 2004. Only claims reported as of the date this report was issued are included in end of year liability.

The changes in the claims liability for the years ended March 31, 2003, and 2004 are as follows:

	<u>Beginning of Year Liability</u>	<u>Current Year Claims and Changes in Estimates</u>	<u>Claim Payments</u>	<u>End of Year Liability</u>
2003	\$15,490	\$205,691	\$129,015	\$92,166
2004	92,166	140,555	163,147	69,574

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

Currently, the Township self insures the first \$75,000 for each liability claim. After the first \$75,000 and up to \$15,000,000, the Michigan Municipal Risk Management Authority (MMRMA) is responsible for the claims. Each property claim is self insured by the Township for 10% of the first \$100,000 after a \$1,000 deductible. A stop loss coverage through the MMRMA protects the Township from aggregate liability claims exceeding \$191,000. The revenues for this fund's operation are reimbursements from various funds. The funds are charged for general liability insurance based on number of employees, previous claims, number of vehicles and other pertinent information. Losses, damages and administrative expenses are all paid from this fund.

There were no significant reductions in insurance coverage from the prior year and there were no insurance settlements exceeding insurance coverage in any of the past three years for either the health benefit or property and liability insurance.

7. LONG-TERM DEBT

A summary of bond and contract transactions for the year ended March 31, 2004 follows:

Business Type Activity

	<u>4/1/03</u>	<u>Additions</u>	<u>Reductions</u>	<u>3/31/04</u>	<u>Due within 1 year</u>
Sewer Fund –					
Contracts payable	<u>\$5,622,794</u>	<u>\$ -</u>	<u>\$ 402,722</u>	<u>\$5,220,072</u>	<u>\$ 448,572</u>

Sewer revenue contracts are supported by revenues of the Waste Water Fund. The Township has no general obligation debt that can be levied on the annual property tax bills.

Debt payable at March 31, 2004, is comprised of the following individual issues:

REVENUE CONTRACTS (BONDS SOLD BY SAGINAW COUNTY):

\$1,441,683, 1997 NWUA Improvement and Refunding Bonds.

The Township participated, as a member of the Northwest Utilities Authority in a pump station improvement program. To finance this project and to defease the eligible bonds on the 1990 NWUA debt, \$3,690,000 in bonds were issued by Saginaw County. The Township has a contract with Saginaw County D.P.W. for the cost of the construction attributable to its 3 year average flow. Debt service share varies annually based upon this flow. For the year ended March 31, 2004 the Township's share of the flow was 48.06 %.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

The contract principal portion owed by the Township of Saginaw has been recorded as a liability of the Waste Water Fund. The assets related to this debt are recorded as assets of the Waste Water Fund. Original prorata share of annual installments varies from \$60,559 to \$113,303 through May 1, 2016 with interest from 4.5% to 5.5%.

\$1,521,099

\$5,870,975, 1991 Weiss Drain CSO Improvement Bonds due in annual installments of \$235,128 to \$351,970 through October 1, 2012 with interest at 2.00%

2,932,603

\$1,086,584, 1996 Weiss InLine Detention Bonds due in annual installments of \$49,045 to \$69,240 through October 1, 2016 with interest at 2.25%

766,370

\$5,220,072

Business-type debt service requirements to maturity, including interest of \$819,732 are as follows:

**Year ending
March 31,**

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2005	\$ 448,572	\$ 137,534	\$ 586,106
2006	466,580	120,388	586,968
2007	474,799	108,885	583,684
2008	485,678	97,192	582,870
2009	494,685	85,213	579,898
2010-14	2,289,936	234,874	2,524,810
2015-17	<u>559,822</u>	<u>35,646</u>	<u>595,468</u>
	<u>\$5,220,072</u>	<u>\$ 819,732</u>	<u>\$6,039,804</u>

Governmental Activity:

Landfill Postclosure Liability: The Township owns a landfill that was closed during Fiscal year 1982-83. Due to a breakdown in the collection system installed at closure, a remediation project is underway that is projected to cost \$1,042,956 for construction over six years and \$351,759 for operations through the year 2015. The majority of these costs were incurred in prior years. Construction costs are actual. Operating costs are based on adjusted historical costs of a similar facility. Actual cost may be higher due to inflation, changes in technology or changes in regulations.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

The changes for the year in the long-term liabilities are as follows:

	<u>Balance 3-31-03</u>	<u>Additions</u>	<u>Subtractions</u>	<u>Balance 3-31-04</u>	<u>Due within One year</u>
Postclosure liability	\$ 152,000	\$ 11,811	\$ 63,811	\$ 100,000	\$ 15,752
Compensated absences	<u>490,740</u>	<u>-</u>	<u>22,970</u>	<u>467,770</u>	<u>21,100</u>
	<u>\$ 642,740</u>	<u>\$ 11,811</u>	<u>\$ 86,781</u>	<u>\$ 567,770</u>	<u>\$ 36,852</u>

For the governmental activities, the postclosure liability and the compensated absences are generally liquidated by the General Fund.

8. INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

The composition of interfund receivables and payables as of ended March 31, 2004, is as follows:

	<u>General Fund</u>	<u>Due From Sewer Fund</u>	<u>Total</u>
Due to:			
Water Fund	\$ 91,574	\$ 616,527	\$ 708,101
Sewer Fund	<u>824,092</u>	<u>-</u>	<u>824,092</u>
Total	<u>\$ 915,666</u>	<u>\$ 616,527</u>	<u>\$1,532,193</u>

The interfund receivables and payables are primarily for short-term advances between the funds related to the billings of water and sewer services.

Interfund transfers for the year ended March 31, 2004 are as follows:

	<u>General</u>	<u>Fire Protect.</u>	<u>Police</u>	<u>Transfer out Nonmajor Gov't</u>	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Transfer in:							
General Fund	\$ -	\$ 66,882	\$ 336,139	\$55,267	\$83,579	\$103,148	\$ 645,015
Police Fund	1,254,600	-	-	-	-	-	1,254,600
Nonmajor governmental	<u>432,901</u>	<u>-</u>	<u>-</u>	<u>3,825</u>	<u>-</u>	<u>-</u>	<u>436,726</u>
Total	<u>\$1,687,501</u>	<u>\$66,882</u>	<u>\$ 336,139</u>	<u>\$59,092</u>	<u>\$83,579</u>	<u>\$103,148</u>	<u>\$2,336,341</u>

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

The interfund transfer from the General Fund to the Police Fund and Nonmajor governmental fund is to subsidize those operations. The transfers to the General Fund from other funds is for administrative charges.

9. PROPERTY TAXES

School taxes are levied on July 1 and are due without penalty on or before September 14. Township property taxes are attached as an enforceable lien on property as of December 1 and recorded in the Township ledgers as receivables as of that date. Township taxes are levied December 1 and are due without penalty on or before February 14. The December tax bills include the Township's own property taxes, special assessments and taxes billed on behalf of Saginaw County.

Real property and special assessment taxes not collected as of March 1 are turned over to Saginaw County for collection, which advances the Township 100% for those delinquent taxes. Collection of delinquent personal property taxes remains the responsibility of the Township Treasurer.

Property taxes levied in December of each year and collected within sixty days after the fiscal year end are recognized as revenue in that fiscal year.

The Township acts as a collection agent for Saginaw County, Saginaw Intermediate Schools, Delta College and Saginaw Charter Township Community Schools for property taxes.

Taxes collected on behalf of the school districts and Saginaw County are turned over to the districts and the County following collection and are accounted for in designated agency funds.

10. DEFICIT EQUITY

The MMRMA Internal Service Fund has a deficit equity of \$108,101. The deficit in this insurance fund arose due to conservative estimates in the reserve for liability claims. It is expected these claims will settle for less than the reserves. Any shortfall due to the settlements will be covered by the regular or special charges to the contributing funds.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

11. RESTATEMENTS

Implementation of new accounting standards

As of and for the year ended March 31, 2004, the Township implemented the following Governmental Accounting Standards Board pronouncements:

Statements

- ◆ No. 33 – *Accounting and Financial Reporting for Nonexchange Transactions*
- ◆ No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*
- ◆ No. 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues – An Amendment to GASB No. 33*
- ◆ No. 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*
- ◆ No. 38 – *Certain Financial Statement Note Disclosures*

Interpretation

- ◆ No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. These pronouncements are scheduled for a phased implementation (based on the size of the government) through fiscal years ending in 2005.

The more significant of the changes required by the new standards include:

- ◆ Management’s discussion and analysis;
- ◆ Basic financial statements that include:
 - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
 - Fund financial statements, consisting of a series of statements that focus on a government’s major governmental funds and enterprise funds;
 - Schedules to reconcile the fund financial statements to the government-wide financial statements;
 - Notes to the basic financial statements;
- ◆ Required supplementary information, including certain budgetary schedules.

SAGINAW CHARTER TOWNSHIP

NOTES TO FINANCIAL STATEMENTS

As a result of implementing these pronouncements for the fiscal year ended March 31, 2004, the following restatements were made to beginning net assets:

Government-wide financial statements.

Beginning net assets for governmental activities were determined as follows:

Fund balances of general, special revenue, capital project funds as of 3/31/03	\$ 11,851,411
Add: governmental capital assets, including general fixed assets, as of 3/31/03	18,828,303
Deduct: accumulated depreciation as of 3/31/03 on above governmental fixed assets	(6,841,371)
Deduct: accumulated compensated absences liability as of 3/31/03	(490,740)
Add: deferred revenue on special assessments, as of 3/31/03	526,521
Deduct: long-term debt on landfill as of 3/31/03	(152,000)
Elimination of internal service fund activities as of 3/31/03	<u>525,356</u>
Governmental net assets, restated, as of 3/31/03	<u>\$ 24,247,480</u>

12. COMMITMENTS AND CONTINGENCIES

In the normal course of operations, the Township becomes a party to various claims and lawsuits. In the opinion of the legal council and Township management, the ultimate resolution of such matters will not have a material effect on the financial position of the Township.

* * * * *

COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

These financial statements provide a more detailed view of the
“Basic Financial Statements” presented in the preceding
subsection.

Combining statements are presented when there are more than one
fund of a given fund type. Individual fund statements are presented
when there is only one fund of a given type. They are also
necessary to present budgetary comparisons.

GENERAL FUND

The General Fund accounts for all revenues and expenditures used to finance the traditional services associated with Township government, which are not accounted for in other funds. In the Township these services include elections, data processing, motor pool, parks, public services, library and general administration services, and any other activity for which a special fund has not been created.

**SAGINAW CHARTER TOWNSHIP
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET TO ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
TAXES				
Operating	\$ 1,094,575	\$ 1,062,672	\$ 1,062,117	\$ (555)
Administration fee	408,600	396,700	371,397	(25,303)
Tax appeals and reverted properties	1,700	1,700	1,691	(9)
Interest and penalties on delinquent taxes	5,000	5,000	8,283	3,283
TOTAL TAXES	1,509,875	1,466,072	1,443,488	(22,584)
LICENSES AND PERMITS				
Ordinance 229 fees-Business	20,400	19,900	22,220	2,320
Mobile Home fees	4,000	3,822	3,951	129
Peddler's permits	150	150	150	-
Miscellaneous	1,000	1,200	940	(260)
Cable TV	457,177	398,800	401,013	2,213
TOTAL LICENSES AND PERMITS	482,727	423,872	428,274	4,402
INTERGOVERNMENTAL - STATE				
Sales tax - constitutional	2,689,350	2,757,042	2,573,923	(183,119)
Sales tax - Statutory	422,650	455,697	530,579	74,882
TOTAL INTERGOVERNMENTAL - STATE	3,112,000	3,212,739	3,104,502	(108,237)
CHARGES FOR SERVICES				
Recreation fees	208,400	216,400	233,614	17,214
Administration fees	6,600	7,500	19,570	12,070
Zoning fees	5,000	5,000	11,035	6,035
Site review fees	8,000	9,000	10,149	1,149
Weed cutting	4,000	4,000	3,104	(896)
Other	-	-	100	100
TOTAL CHARGES FOR SERVICES	232,000	241,900	277,572	35,672
FINES AND FORFEITS				
Parking	39,000	41,000	36,577	(4,423)
Circuit Court	84,000	70,000	111,848	41,848
Ordinance	100	300	2,042	1,742
TOTAL FINES AND FORFEITS	123,100	111,300	150,467	39,167
SPECIAL ASSESSMENTS				
Street Lighting	365,000	320,000	342,063	22,063
Other	55,762	60,124	114,141	54,017
TOTAL SPECIAL ASSESSMENTS	420,762	380,124	456,204	76,080

(Continued)

**SAGINAW CHARTER TOWNSHIP
GENERAL FUND
SCHEDULE OF REVENUES
BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
Interest	<u>\$ 80,000</u>	<u>\$ 120,000</u>	<u>\$ 55,327</u>	<u>\$ (64,673)</u>
OTHER				
Vehicles and equipment	2,000	7,000	26,187	19,187
Donations-private sources	4,000	10,000	250	(9,750)
Other Miscellaneous	<u>455,127</u>	<u>429,922</u>	<u>116,558</u>	<u>(313,364)</u>
TOTAL OTHER	<u>461,127</u>	<u>446,922</u>	<u>142,995</u>	<u>(303,927)</u>
TOTAL REVENUES	<u>\$ 6,421,591</u>	<u>\$ 6,402,929</u>	<u>\$ 6,058,829</u>	<u>\$ (344,100)</u>

**SAGINAW CHARTER TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
GENERAL GOVERNMENT				
Township Board				
Fees and per diem	\$ 13,420	\$ 12,420	\$ 15,885	\$ 3,465
Supplies	12,400	11,120	11,996	876
Printing and publishing				-
Dues and conferences	10,250	10,350	5,667	(4,683)
Total Township Board	36,070	33,890	33,548	(342)
Township Supervisor				
Salaries and wages	41,988	41,293	42,541	1,248
Conferences				-
Miscellaneous	3,100	4,717	1,312	(3,405)
Total Township Supervisor	45,088	46,010	43,853	(2,157)
Township Manager				
Salaries and wages	146,410	146,435	145,476	(959)
Supplies	1,528	1,460	1,486	26
Contractual service	3,888	3,010	1,215	(1,795)
Repairs and maintenance	300	300	240	(60)
Conferences	1,875	3,770	1,721	(2,049)
Miscellaneous	650	733	709	(24)
Office equipment	400	2,500	2,612	112
Total Township Manager	155,051	158,208	153,459	(4,749)
Fiscal Services				
Salaries and wages	167,600	163,668	159,516	(4,152)
Supplies	300	1,000	1,364	364
Education and training	700	1,260	1,644	384
Miscellaneous	50	50	25	(25)
Office equipment	1,678	350	1,248	898
Total Fiscal Services	170,328	166,328	163,797	(2,531)
Elections/Clerk				
Elections				
Salaries and wages	41,568	26,307	23,609	(2,698)
Fees and per diem	47,540	22,900	19,266	(3,634)
Supplies	20,000	5,000	4,817	(183)
Computer services and maintenance				-
Miscellaneous	8,705	9,250	3,976	(5,274)
Equipment				-
Clerk				
Salaries	55,969	55,712	53,361	(2,351)
Supplies	4,200	4,200	7,638	3,438
Codification and Indexing	4,000	8,000	1,943	(6,057)
Conferences	3,000	3,300	3,592	292
Miscellaneous	500	500	-	(500)
Equipment Repairs	3,550	2,000	833	(1,167)
Office equipment	0	0	2,398	2,398
Total Elections/Clerk	189,032	137,169	121,433	(15,736)

(Continued)

**SAGINAW CHARTER TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
Data Processing				
Network Administration				
Consultant services	\$ 10,080	\$ 10,080	\$ 9,336	\$ (744)
Web hosting				
Repairs and maintenance	1,000	1,000	457	(543)
Supplies	2,800	500	1,615	1,115
Web hosting	4,000	2,500	4,338	1,838
	3,300	-	-	-
Data Processing				
Supplies	1,000	800	1,426	626
Consultant	9,188	8,000	4,531	(3,469)
Maintenance	6,000	8,000	6,277	(1,723)
Internet services	6,300	7,888	6,300	(1,588)
Education & training	-	800	-	(800)
Equipment	8,000	5,000	5,525	525
Total Data Processing	51,668	44,568	39,805	(4,763)
Assessors				
Salaries	250,179	251,694	248,794	(2,900)
Supplies	15,660	16,870	14,157	(2,713)
Contractual services	6,500	6,500	8,066	1,566
Tax roll preparation	-	-	530	530
Repairs and maintenance	1,000	1,000	435	(565)
Education and training	5,606	4,606	3,689	(917)
Capital outlay - equipment	2,750	5,000	4,785	(215)
Total Assessors	281,695	285,670	280,456	(5,214)
Attorney				
Township	77,000	80,000	76,196	(3,804)
Township				
Independent Audit and Accounting				
Audit fees	36,000	15,500	15,415	(85)
Board of Review				
Fees and per diem	1,920	1,920	1,080	(840)
Miscellaneous	100	100	150	50
Total Board of Review	2,020	2,020	1,230	(790)
Treasurer's Office				
Salaries	99,429	100,813	101,223	410
Supplies	650	2,250	1,991	(259)
Service fees	2,740	5,240	1,742	(3,498)
Education and training	2,700	1,500	1,938	438
Miscellaneous	200	200	9	(191)
Equipment	2,750	2,500	2,981	481
Total Treasurer's Office	108,469	112,503	109,884	(2,619)

(Continued)

**SAGINAW CHARTER TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
Township Property				
Salaries	18,500	13,700	18,002	4,302
Postage	34,750	37,500	34,226	(3,274)
Operating supplies	11,000	13,500	10,224	(3,276)
Telephone	30,000	49,500	44,120	(5,380)
Insurance	67,000	67,000	66,965	(35)
Public utilities	22,000	20,000	17,782	(2,218)
Repairs and maintenance:				
Building	34,500	34,250	32,047	(2,203)
Equipment	2,500	3,000	8,359	5,359
Miscellaneous	500	1,300	1,507	207
Capital outlay	100	100	183	83
Total Township Property	220,850	239,850	233,415	(6,435)
Motor Vehicle - Equipment Pool				
Supplies	30,000	35,000	16,697	(18,303)
Gas and oil	10,000	10,000	4,870	(5,130)
Repairs and maintenance	11,300	9,500	13,910	4,410
Insurance	30,000	23,500	26,124	2,624
Rent	150	500	2,914	2,414
Miscellaneous	1,100	1,100	1,927	827
Equipment	35,400	56,500	53,342	(3,158)
Total Motor Vehicle - Equipment Pool	117,950	136,100	119,784	(16,316)
TOTAL GENERAL GOVERNMENT	1,491,221	1,457,816	1,392,275	(65,541)
PUBLIC SAFETY				
Parking Enforcement	32,825	27,300	23,054	(4,246)
Housing Inspection				
Salaries	15,150	14,600	12,862	(1,738)
Supplies	200	400	9	(391)
Services-maintenance	16,000	10,000	8,136	(1,864)
Education and training	500	500	-	(500)
Miscellaneous	200	500	77	(423)
Equipment	200	300	409	109
Total Housing Inspection	32,250	26,300	21,493	(4,807)

**SAGINAW CHARTER TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
Planning				
Planning Department:				
Wages	\$ 720	\$ 720	\$ 510	\$ (210)
Fees and per diem	6,960	4,460	4,170	(290)
Contractual services	26,000	26,000	27,013	1,013
Legal notices	3,500	3,500	3,006	(494)
Education and training	4,520	4,520	2,333	(2,187)
Miscellaneous	15,000	15,000	9,174	(5,826)
Zoning Board of Appeals:				
Wages	360	360	120	(240)
	625	625		(625)
Fees and per diem	3,480	1,480	1,160	(320)
Total Planning	61,165	56,665	47,486	(9,179)
TOTAL PUBLIC SAFETY	126,240	110,265	92,033	(18,232)
HIGHWAY AND STREETS				
Dept. of Public Services				
Salaries	406,142	413,264	412,455	(809)
Operating supplies	8,300	9,600	10,769	1,169
Medical services	800	2,300	2,490	190
Contractual services	7,000	6,500	6,307	(193)
Education and training	2,000	2,000	1,648	(352)
Miscellaneous	750	750	375	(375)
Equipment				-
Total of Dept. of Public Services	424,992	434,414	434,044	(370)
Sidewalks				
Repairs	5,500	5,500	2,122	(3,378)
Construction	-	65,049	65,920	871
Total Sidewalks	5,500	70,549	68,042	(2,507)
Drains - Public Benefit				
Storm Water Authority	30,080	34,125	32,330	(1,795)
Drains-at-large	35,500	38,045	37,148	(897)
Total Drains - Public Benefit	65,580	72,170	69,478	(2,692)
Road Construction and Resurfacing				
County Road Commission	163,700	202,587	200,818	(1,769)
Street Lighting	335,000	335,000	321,949	(13,051)
Landfill	74,150	70,000	63,811	(6,189)
TOTAL HIGHWAY AND STREETS	1,068,922	1,184,720	1,158,142	(26,578)

**SAGINAW CHARTER TOWNSHIP
GENERAL FUND
SCHEDULE OF EXPENDITURES
BUDGET TO ACTUAL (CONTINUED)
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
CULTURE AND RECREATION				
Parks and Recreation				
Salaries	\$ 527,731	\$ 527,252	\$ 516,633	\$ (10,619)
Operating supplies	258,521	328,721	193,481	(135,240)
Program supplies	24,000	22,000	22,926	926
Services	29,400	29,400	18,845	(10,555)
Public utilities	63,500	50,800	73,390	22,590
Soccer complex	42,000	55,000	47,249	(7,751)
Repairs and maintenance - equipment	4,400	4,400	4,241	(159)
Repairs and maintenance - grounds	39,000	39,000	56,636	17,636
Rentals	3,900	4,400	4,714	314
Education and training	1,100	1,100	1,102	2
Capital outlay:				
Equipment	2,000	41,500	36,749	(4,751)
Total Parks and Recreation	995,552	1,103,573	975,966	(127,607)
Library				
Salaries - maintenance	22,000	19,300	22,687	3,387
Supplies - operating	2,800	4,000	5,349	1,349
Services - Public Libraries of Saginaw	623,400	616,900	616,900	-
Public utilities	28,000	28,000	21,190	(6,810)
Repairs and maintenance	15,000	23,000	18,641	(4,359)
Total Library	691,200	691,200	684,767	(6,433)
TOTAL CULTURE AND RECREATION	1,686,752	1,794,773	1,660,733	(134,040)
OTHER				
Employee Benefits:				
Social security - Township share	130,000	120,000	122,244	2,244
Hospitalization insurance	485,175	414,600	407,190	(7,410)
Life insurance	5,760	6,900	6,900	-
Disability insurance	19,155	17,820	18,176	356
Retirement contribution	232,050	229,000	220,139	(8,861)
Unemployment compensation	4,000	5,000	7,850	2,850
Workmen's compensation insurance	23,400	25,880	21,350	(4,530)
Less workmen's comp. dividend	(5,000)	(5,000)	(276)	4,724
Total Employee Benefits	894,540	814,200	803,573	(10,627)
Transit Service/Other Functions	26,000	26,000	25,999	(1)
TOTAL OTHER	920,540	840,200	829,572	(10,628)
TOTAL EXPENDITURES	\$ 5,293,675	\$ 5,387,774	\$ 5,132,755	\$ (255,019)

NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for revenues derived from specific taxes or other "earmarked" revenue sources. The Township utilizes the following special revenue funds:

Police Block Grant Fund

This fund was established in 1997 to account for the receipt and expenditure of Federal Block Grant funds earmarked for police equipment.

Community Development Fund

This fund was established in April 2000 to comply with regulations issued for compliance with PA 245 of Michigan Public Acts of 1999. It accounts for the revenues and expenditures for construction site plan review, inspection, code enforcement and zoning administration.

Fire Improvement Fund

This fund was established in 1983 to purchase fire equipment, construct fire stations and other major capital outlay. Funding is currently received from the .5 mills of the fire protection tax levy.

Art in Public Places Fund

This fund is used to account for private donations received to fund an annual art show and display art works throughout the year at the township office.

CAPITAL PROJECT FUNDS

Special Assessment Revolving Fund

This fund was established by the 1985-86 budget resolution to receive transfers from the General Fund consisting of balances on closed out water and sewer special assessment debt service funds. These monies are used to finance construction of public improvement supported by special assessments.

Parks Fund

This fund was established to construct park improvements from the proceeds of the sale of property adjacent to the Harvey Randall Wickes Recreational Complex.

Public Improvement Fund

This fund was created to receive transfers from the General Fund consisting of balances on closed out road special assessment debt service funds. Funds are to be used for construction of road and drainage projects.

**SAGINAW CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
MARCH 31, 2004**

	SPECIAL REVENUE FUNDS			
	POLICE BLOCK GRANT	COMMUNITY DEVELOPMENT	FIRE IMPROVEMENT	ART IN PUBLIC PLACES
<u>ASSETS</u>				
Cash and cash equivalents	\$ 20,990	\$ 94,392	\$ 170,762	\$ 8,405
Investments	-	-	-	-
Accounts receivable	-	1,554	-	-
Taxes receivable	-	-	4,446	-
Special assessments receivable	-	-	-	-
Due from others	-	-	-	-
Prepaid expenditures	-	1,378	-	250
<u>TOTAL ASSETS</u>	<u>\$ 20,990</u>	<u>\$ 97,324</u>	<u>\$ 175,208</u>	<u>\$ 8,655</u>
<u>LIABILITIES AND FUND BALANCES</u>				
LIABILITIES				
Accounts payable	\$ -	\$ 2,117	\$ -	\$ -
FUND BALANCES				
Reserved for prepaid items	-	1,378	-	250
Unreserved:				
Undesignated	20,990	93,829	175,208	8,405
<u>TOTAL FUND BALANCES</u>	<u>20,990</u>	<u>95,207</u>	<u>175,208</u>	<u>8,655</u>
<u>TOTAL LIABILITIES AND FUND BALANCES</u>	<u>\$ 20,990</u>	<u>\$ 97,324</u>	<u>\$ 175,208</u>	<u>\$ 8,655</u>

CAPITAL PROJECTS FUNDS

SPECIAL				PUBLIC		TOTAL
ASSESSMENT		PARKS		IMPROVEMENT		
REVOLVING FUND						
\$ 809,915	\$	34,056	\$	128,945	\$	1,267,465
-		-		-		-
-		-		-		1,554
-		-		-		4,446
94,039		-		-		94,039
-		-		-		-
7,275		-		-		8,903
<hr/>						
\$ 911,229	\$	34,056	\$	128,945	\$	1,376,407
<hr/>						
\$ -	\$	-	\$	-	\$	2,117
<hr/>						
7,275		-		-		8,903
903,954		34,056		128,945		1,365,387
<hr/>						
911,229		34,056		128,945		1,374,290
<hr/>						
\$ 911,229	\$	34,056	\$	128,945	\$	1,376,407
<hr/>						

**SAGINAW CHARTER TOWNSHIP
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED MARCH 31, 2004**

	SPECIAL REVENUE FUNDS			
	POLICE BLOCK GRANT	COMMUNITY DEVELOPMENT	FIRE IMPROVEMENT	ART IN PUBLIC PLACES
REVENUES				
Taxes	\$ -	\$ -	\$ 110,637	\$ -
Licenses and permits	-	304,274	-	-
Intergovernmental revenue:				
Federal sources	12,270	-	-	-
Charges for services	-	-	-	1,599
Interest earnings	215	758	1,242	95
Donations	-	-	-	3,500
Miscellaneous	-	-	-	-
	12,485	305,032	111,879	5,194
EXPENDITURES				
Current:				
Public safety	21,763	617,611	-	-
Sanitation-refuse collection	-	-	-	-
Culture and Recreation	-	-	-	5,028
TOTAL EXPENDITURES	21,763	617,611	-	5,028
REVENUES OVER (UNDER) EXPENDITURES	(9,278)	(312,579)	111,879	166
OTHER FINANCING SOURCES (USES)				
Transfers in	3,825	432,401	-	500
Transfers (out)	-	(59,092)	-	-
TOTAL OTHER FINANCING SOURCES (USES)	3,825	373,309	-	500
Net change in fund balances	(5,453)	60,730	111,879	666
Fund balances, beginning of period	26,443	34,477	63,329	7,989
Fund balances, end of period	\$ 20,990	\$ 95,207	\$ 175,208	\$ 8,655

CAPITAL PROJECTS FUNDS					
SPECIAL ASSESSMENT REVOLVING FUN		PARKS	PUBLIC IMPROVEMENT		TOTAL
\$	91,234	\$	-	\$	201,871
	-		-		304,274
	-		-		12,270
	-		-		1,599
	19,252		491		23,912
	-		-		3,500
	119		-		119
	110,605		491		547,545
	-		-		639,374
	-		-		-
	-		-		5,028
	-		-		644,402
	110,605		491		(96,857)
	-		-		436,726
	-		-		(59,092)
	-		-		377,634
	110,605		491		280,777
	800,624		33,565		1,093,513
\$	911,229	\$	34,056	\$	1,374,290

**SAGINAW CHARTER TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
POLICE BLOCK GRANT
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Intergovernmental:				
Federal	\$ -	\$ -	\$ 12,270	\$ 12,270
Interest and rent	700	700	215	(485)
TOTAL REVENUES	700	700	12,485	11,785
EXPENDITURES				
Public safety	30,953	30,953	21,763	(9,190)
REVENUES OVER (UNDER) EXPENDITURES	(30,253)	(30,253)	(9,278)	20,975
OTHER FINANCING SOURCES (USES)				
Transfers in	3,825	3,825	3,825	-
NET CHANGE IN FUND BLANCE	(26,428)	(26,428)	(5,453)	20,975
FUND BALANCES, BEGINNING OF PERIOD	26,443	26,443	26,443	-
FUND BALANCES, END OF PERIOD	<u>\$ 15</u>	<u>\$ 15</u>	<u>\$ 20,990</u>	<u>\$ 20,975</u>

**SAGINAW CHARTER TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COMMUNITY DEVELOPMENT
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Licenses and permits	\$ 211,000	\$ 141,000	\$ 304,274	\$ 163,274
Interest and rent	300	300	758	458
TOTAL REVENUES	211,300	141,300	305,032	163,732
EXPENDITURES				
Public safety	611,747	631,342	617,611	(13,731)
REVENUES OVER (UNDER) EXPENDITURES	(400,447)	(490,042)	(312,579)	177,463
OTHER FINANCING SOURCES (USES)				
Transfers in	496,339	582,401	432,401	(150,000)
Transfers (out)	-	-	(59,092)	(59,092)
TOTAL OTHER FINANCING SOURCES/USES	496,339	582,401	373,309	(209,092)
NET CHANGE IN FUND BLANCE	95,892	92,359	60,730	(31,629)
FUND BALANCES, BEGINNING OF PERIOD	34,477	34,477	34,477	-
FUND BALANCES, END OF PERIOD	\$ 130,369	\$ 126,836	\$ 95,207	\$ (31,629)

**SAGINAW CHARTER TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
FIRE IMPROVEMENT
FOR THE YEAR ENDED MARCH 31, 2004**

	<u>ORIGINAL BUDGET</u>	<u>AMENDED BUDGET</u>	<u>ACTUAL</u>	<u>OVER (UNDER) BUDGET</u>
REVENUES				
Current property taxes	\$ 107,000	\$ 107,000	\$ 110,637	3,637
Interest and rent	2,000	2,000	1,242	(758)
TOTAL REVENUES	109,000	109,000	111,879	2,879
EXPENDITURES				
Public safety	159,980	159,980	-	(159,980)
NET CHANGE IN FUND BLANCE	(50,980)	(50,980)	111,879	162,859
FUND BALANCES, BEGINNING OF PERIOD	63,329	63,329	63,329	-
FUND BALANCES, END OF PERIOD	<u>\$ 12,349</u>	<u>\$ 12,349</u>	<u>\$ 175,208</u>	<u>\$ 162,859</u>

**SAGINAW CHARTER TOWNSHIP
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
ART IN PUBLIC PLACES
FOR THE YEAR ENDED MARCH 31, 2004**

	ORIGINAL BUDGET	AMENDED BUDGET	ACTUAL	OVER (UNDER) BUDGET
REVENUES				
Charges for services	\$ 1,700	\$ 1,700	\$ 1,599	\$ (101)
Interest and rent	100	100	95	(5)
Other	1,000	1,000	3,500	2,500
TOTAL REVENUES	2,800	2,800	5,194	2,394
EXPENDITURES				
Culture and recreation	4,600	4,600	5,028	428
REVENUES OVER (UNDER) EXPENDITURES	(1,800)	(1,800)	166	1,966
OTHER FINANCING SOURCES (USES)				
Transfers in	(790)	(790)	500	1,290
NET CHANGE IN FUND BLANCE	(2,590)	(2,590)	666	3,256
FUND BALANCES, BEGINNING OF PERIOD	7,989	7,989	7,989	-
FUND BALANCES, END OF PERIOD	<u>\$ 5,399</u>	<u>\$ 5,399</u>	<u>\$ 8,655</u>	<u>\$ 3,256</u>

INTERNAL SERVICE FUNDS

The Township uses the following internal service funds:

Health Benefit Fund

This fund was created in 1981 to account for the receipt of revenues from the various operating funds of the Township to be used for payment of employee health benefits, short-term disability income, and third party processing costs and reinsurance.

MMRMA Self Insurance Fund

This fund receives contributions from the other Township funds for property and liability self insurance and is used to account for transactions made on behalf of the Township by the Michigan Municipal Risk Management Authority.

**SAGINAW CHARTER TOWNSHIP
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF NET ASSETS
March 31, 2004**

<u>ASSETS</u>	HEALTH BENEFIT	MMRMA	TOTAL
CURRENT ASSETS			
Cash and cash equivalents	\$ 931,752	\$ (38,527)	\$ 893,225
Accounts receivable	10,650	-	10,650
Prepaid expenses	12,379	-	12,379
TOTAL ASSETS	954,781	(38,527)	916,254
CURRENT LIABILITIES			
Accounts payable	40,415	69,574	109,989
NET ASSETS			
Unrestricted (deficit)	\$ 914,366	\$ (108,101)	\$ 806,265

**SAGINAW CHARTER TOWNSHIP
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2004**

	HEALTH BENEFIT	MMRMA	TOTAL
OPERATING REVENUES:			
Charges for services	\$ 1,102,829	\$ 475,462	\$ 1,578,291
Retiree charges	120,240	-	120,240
Other	2,363	-	2,363
TOTAL OPERATING REVENUES	1,225,432	475,462	1,700,894
OPERATING EXPENSES			
Administration and premiums	\$ -	\$ 342,470	\$ 342,470
Property and liability claims	-	163,147	163,147
Health insurance benefit claims	923,071	-	923,071
TOTAL OPERATING EXPENSES	923,071	505,617	1,428,688
OPERATING INCOME (LOSS)	302,361	(30,155)	272,206
NONOPERATING REVENUE			
Interest	8,637	66	8,703
CHANGE IN NET ASSETS	310,998	(30,089)	280,909
NET ASSETS (DEFICIT), BEGINNING OF PERIOD	603,368	(78,012)	525,356
NET ASSETS (DEFICIT), END OF PERIOD	\$ 914,366	\$ (108,101)	\$ 806,265

**SAGINAW CHARTER TOWNSHIP
INTERNAL SERVICE FUNDS
COMBINING STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2004**

	HEALTH BENEFIT	MMRMA	TOTAL
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 122,603	\$ -	\$ 122,603
Cash received from interfund services	1,121,830	475,462	1,597,292
Cash payments to suppliers for goods and services	(979,021)	(528,209)	(1,507,230)
NET CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES	265,412	(52,747)	212,665
CASH FLOWS FROM INVESTING ACTIVITIES:			
Purchase of investments	509,465	-	509,465
Interest on investments	8,637	66	8,703
NET CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES	518,102	66	518,168
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	783,514	(52,681)	730,833
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	148,238	14,154	162,392
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 931,752	\$ (38,527)	\$ 893,225
CASH FLOWS FROM OPERATING ACTIVITIES:			
Operating income (loss)	\$ 302,361	\$ (30,155)	\$ 272,206
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
(Increase) decrease in assets:			
Accounts receivable	19,001	-	19,001
Prepaid expenses	(12,379)	-	(12,379)
Increase (decrease) in liabilities:			
Accounts payable	(43,571)	(22,592)	(66,163)
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 265,412	\$ (52,747)	\$ 212,665

FIDUCIARY FUNDS

AGENCY FUNDS

Clearing Account

This fund is used to account for monies deposited with the Treasurer but requiring disbursement to multiple funds or other entities.

Current Tax Collections

This fund is used to account for current property tax collections.

Delinquent Tax Collections

This fund is used to account for unpaid personal property taxes.

Imprest Payroll

This fund is used to account for all payroll disbursements.

Golfside

This fund is used to account for the reimbursement of police patrol costs for special patrol of the Golfside subdivision

Private Finance Construction

This fund is used to account for deposits by private developers for construction, by the Township, of water and sewer lines.

Jeopardy Tax

This fund is used to account for property tax payments assessed, in advance, to businesses that are expected to go into bankruptcy or to move out prior to receiving the regular billing.

Contractor's Retained

This fund is used to account for retainage deposits made on behalf of a contractor for the purpose of earning interest in the contractor's name.

**SAGINAW CHARTER TOWNSHIP
COMBINING BALANCE SHEET
AGENCY FUNDS
MARCH 31, 2004**

	CLEARING ACCOUNT	CURRENT TAX COLLECTIONS	DELINQUENT TAX COLLECTIONS	IMPREST PAYROLL
ASSETS				
Cash and cash equivalents	\$ 1	\$ 1	\$ -	\$ 267,082
Accounts receivable	-	-	-	-
Delinquent personal property taxes			1,161,710	-
Due from others	-	-	-	165
TOTAL ASSETS	\$ 1	\$ 1	\$ 1,161,710	\$ 267,247
LIABILITIES				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to others	1	1	139,841	-
Due to other governmental units	-	-	1,021,869	-
Gross wages - withholdings payable	-	-	-	267,247
TOTAL LIABILITIES	\$ 1	\$ 1	\$ 1,161,710	\$ 267,247

GOLFSIDE	PRIVATE FINANCE CONSTRUCTION	JEOPARDY TAX	CONTRACTORS RETAINED	TOTALS
\$ 2,072	\$ 96,203	\$ -	\$ 235	\$ 365,594
311	-	-	-	311
-	-	-	-	1,161,710
5,129	-	-	-	5,294
<u>\$ 7,512</u>	<u>\$ 96,203</u>	<u>\$ -</u>	<u>\$ 235</u>	<u>\$ 1,532,909</u>
\$ 12	\$ -	\$ -	\$ -	\$ 12
7,500	96,203	-	235	243,781
-	-	-	-	1,021,869
-	-	-	-	267,247
<u>\$ 7,512</u>	<u>\$ 96,203</u>	<u>\$ -</u>	<u>\$ 235</u>	<u>\$ 1,532,909</u>

SAGINAW TOWNSHIP
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 2004

	<u>Balance April 1, 2003</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance March 31, 2004</u>
Clearing Account Fund				
Assets				
Cash and cash equivalents	<u>\$ 1</u>	<u>\$ 128,053</u>	<u>\$ 128,053</u>	<u>\$ 1</u>
Liabilities				
Due to others	<u>\$ 1</u>	<u>\$ 128,053</u>	<u>\$ 128,053</u>	<u>\$ 1</u>
Current Tax Collection Fund				
Assets				
Cash and cash equivalents	<u>\$ 1</u>	<u>\$ 36,677,296</u>	<u>\$ 36,677,296</u>	<u>\$ 1</u>
Liabilities				
Due to others	<u>\$ 1</u>	<u>\$ 7,386,990</u>	<u>\$ 7,386,990</u>	<u>\$ 1</u>
Due to other taxing units	<u>-</u>	<u>29,290,306</u>	<u>29,290,306</u>	<u>-</u>
Total liabilities	<u>\$ 1</u>	<u>\$ 36,677,296</u>	<u>\$ 36,677,296</u>	<u>\$ 1</u>
Delinquent Tax Collection Fund				
Assets				
Cash and cash equivalents	<u>\$ -</u>	<u>\$ 98,941</u>	<u>\$ 98,941</u>	<u>\$ -</u>
Delinquent personal property taxes	<u>933,187</u>	<u>307,314</u>	<u>78,791</u>	<u>1,161,710</u>
Total assets	<u>\$ 933,187</u>	<u>\$ 406,255</u>	<u>\$ 177,732</u>	<u>\$ 1,161,710</u>
Liabilities				
Due to others	<u>\$ 118,962</u>	<u>\$ 31,483</u>	<u>\$ 10,604</u>	<u>\$ 139,841</u>
Due to other taxing units	<u>814,225</u>	<u>275,832</u>	<u>68,188</u>	<u>1,021,869</u>
Penalties and interest payable	<u>-</u>	<u>21,263</u>	<u>21,263</u>	<u>-</u>
Total liabilities	<u>\$ 933,187</u>	<u>\$ 328,578</u>	<u>\$ 100,055</u>	<u>\$ 1,161,710</u>
Imprest Payroll Fund				
Assets				
Cash and cash equivalents	<u>\$ 249,508</u>	<u>\$ 7,923,463</u>	<u>\$ 7,905,889</u>	<u>\$ 267,082</u>
Due from others	<u>395</u>	<u>165</u>	<u>395</u>	<u>165</u>
Total assets	<u>\$ 249,903</u>	<u>\$ 7,923,628</u>	<u>\$ 7,906,284</u>	<u>\$ 267,247</u>
Liabilities				
Gross wages-withholdings payable	<u>\$ 249,903</u>	<u>\$ 7,923,628</u>	<u>\$ 7,906,284</u>	<u>\$ 267,247</u>

SAGINAW TOWNSHIP
AGENCY FUNDS
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
FOR THE YEAR ENDED MARCH 31, 2004

Golfside

Assets

Cash and cash equivalents	\$ 1,880	\$ 51,214	\$ 51,022	\$ 2,072
Accounts receivable	248	311	248	311
Due from others	5,387	55,830	56,088	5,129
Total assets	<u>\$ 7,515</u>	<u>\$ 107,355</u>	<u>\$ 107,358</u>	<u>\$ 7,512</u>

Liabilities

Accounts payable	\$ 15	\$ 12	\$ 15	\$ 12
Due to others	7,500	-	-	7,500
Total liabilities	<u>\$ 7,515</u>	<u>\$ 12</u>	<u>\$ 15</u>	<u>\$ 7,512</u>

Private Finance Construction Fund

Assets

Cash and cash equivalents	<u>\$ 20,729</u>	<u>\$ 1,886,193</u>	<u>\$ 1,810,719</u>	<u>\$ 96,203</u>
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Liabilities

Due to others	<u>\$ 20,729</u>	<u>\$ 1,886,193</u>	<u>\$ 1,810,719</u>	<u>\$ 96,203</u>
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Jeopardy Tax Fund

Assets

Cash and cash equivalents	<u>\$ -</u>	<u>\$ 2,929</u>	<u>\$ 2,929</u>	<u>\$ -</u>
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Liabilities

Due to others	<u>\$ -</u>	<u>\$ 2,929</u>	<u>\$ 2,929</u>	<u>\$ -</u>
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Contractors Retained Fund

Assets

Cash and cash equivalents	<u>\$ 5,350</u>	<u>\$ 26</u>	<u>\$ 5,141</u>	<u>\$ 235</u>
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Liabilities

Due to others	<u>\$ 5,350</u>	<u>\$ 26</u>	<u>\$ 5,141</u>	<u>\$ 235</u>
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TOTAL - ALL AGENCY FUNDS

Assets

Cash and cash equivalents	\$ 277,469	\$ 46,765,186	\$ 46,677,061	\$ 365,594
Accounts receivable	248	311	248	311
Delinquent personal property taxes	933,187	307,314	78,791	1,161,710
Due from others	5,782	55,995	56,483	5,294
Total assets	<u>\$ 1,216,686</u>	<u>\$ 47,128,806</u>	<u>\$ 46,812,583</u>	<u>\$ 1,532,909</u>

Liabilities

Accounts payable	\$ 15	\$ 12	\$ 15	\$ 12
Due to others	152,543	9,435,674	9,344,436	243,781
Due to other taxing units	814,225	29,566,138	29,358,494	1,021,869
Penalties and interest payable	-	21,263	21,263	-
Gross wages-withholdings payable	249,903	7,923,628	7,906,284	267,247
Total liabilities	<u>\$ 1,216,686</u>	<u>\$ 46,946,715</u>	<u>\$ 46,630,492</u>	<u>\$ 1,532,909</u>

STATISTICAL SECTION

Statistical tables differ from the financial statements because they usually cover more than one year and may present non-accounting data. These tables reflect social and economic data, financial trends and the fiscal capability of the Township.

SAGINAW CHARTER TOWNSHIP
GENERAL AND SPECIAL REVENUE FUNDS
GENERAL GOVERNMENTAL REVENUES AND EXPENDITURES
LAST 10 YEARS

	FISCAL YEAR									
	1994-95	1995-96	1996-97	1997-98	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04
REVENUE										
Taxes	\$ 4,440,191	(3) \$ 4,600,299	\$ 4,711,279	\$ 5,025,469	\$ 5,249,338	\$ 5,506,722	\$ 5,719,948	\$ 5,941,371	\$ 6,256,233	\$ 6,330,375
Licenses and permits	386,902	389,043	414,647	435,739	485,711	452,147	523,301	564,005	651,257	753,871
Federal grants	72,771	73,134	69,275	40,090	64,040	58,318	93,313	71,635	77,644	39,270
State grants - recreation	20,625	-	-	-	-	-	-	-	-	-
State shared revenue	2,368,092	2,531,073	3,199,919	(5) 2,868,518	3,068,477	3,350,232	3,498,077	3,650,959	3,399,765	3,104,502
Miscellaneous grants	73,222	35,008	66,232	78,598	74,957	77,117	81,034	84,071	86,855	15,618
Charges for services	1,373,098	1,351,165	1,302,400	1,359,922	1,392,667	1,441,828	1,598,775	1,695,693	1,622,387	1,836,963
Fines and forfeits	123,710	216,328	134,463	175,268	162,368	139,081	150,574	141,161	136,131	150,467
Special assessments	243,773	253,965	286,396	288,131	290,263	306,329	360,936	349,985	412,934	456,204
Interest earnings	176,302	272,118	245,265	284,559	296,279	341,159	452,361	252,365	162,955	134,624
Miscellaneous	147,453	234,430	192,371	226,534	183,254	154,570	200,629	213,938	186,357	223,366
TOTAL REVENUE	\$ 9,426,139	\$ 9,956,563	\$ 10,622,247	\$ 10,782,828	\$ 11,267,354	\$ 11,827,503	\$ 12,678,948	\$ 12,965,183	\$ 12,992,518	\$ 13,045,260
EXPENDITURES										
General government	\$ 992,505	\$ 1,025,578	\$ 1,107,064	\$ 1,259,652	\$ 1,187,493	\$ 1,189,633	\$ 1,289,079	\$ 1,348,121	\$ 1,443,553	\$ 1,392,275
Public safety	4,165,481	5,138,131	4,978,531	4,870,010	4,940,325	5,686,535	5,866,820	(6) 5,792,602	6,731,516	6,013,425
Highways and streets	736,050	770,903	753,295	986,941	1,137,555	980,286	1,361,869	999,459	974,079	1,158,142
Sanitation/landfill	1,184,078	987,088	1,149,664	1,202,170	1,365,204	1,368,163	1,381,591	1,413,204	1,451,150	1,454,166
Parks and recreation	423,747	510,071	566,932	483,297	548,783	627,005	570,490	609,878	738,057	980,994
Culture/Library	393,814	409,847	420,445	551,152	533,633	568,959	617,386	607,658	666,584	684,767
Employee benefits-General	590,643	533,023	559,330	581,869	616,233	645,696	548,674	629,135	754,113	803,573
Transit service/other	30,691	22,331	31,665	32,857	48,194	35,538	35,338	19,229	26,955	25,999
TOTAL EXPENDITURES	\$ 8,517,009	\$ 9,396,972	\$ 9,566,926	\$ 9,967,948	\$ 10,377,420	\$ 11,101,815	\$ 11,671,247	\$ 11,419,286	\$ 12,786,007	\$ 12,513,341

Notes: (1) Includes Olson and Wickes Park Improvements
(2) Addition of recycling to rubbish collection service
(3) Includes increase of police millage from 2 to 3 mills
(4) Includes PILOT prior period adjustments
(5) Includes state revenue sharing prior period
(6) Includes public safety building construction of

Source: CAFR

SAGINAW CHARTER TOWNSHIP
PROPERTY VALUATION, TAX RATES, TAX LEVIES AND COLLECTIONS (UNAUDITED)

LAST TEN YEARS

TAX ROLL DATE	2003	2002	2001	2000	1999	1998	1997	1996	1995	1994
ASSESSED VALUATION (1)										
Real property	\$1,183,034,100	\$1,110,646,200	\$1,045,229,000	\$992,985,500	\$942,200,800	\$897,736,400	\$855,226,200	\$788,858,600	\$751,108,400	\$713,067,700
Personal property	77,228,500	80,547,600	79,088,200	75,087,800	72,681,000	67,058,900	64,747,200	62,133,500	58,356,300	52,835,300
Total Assessed	<u>\$1,260,262,600</u>	<u>\$1,191,193,800</u>	<u>\$1,124,317,200</u>	<u>\$1,068,073,300</u>	<u>\$1,014,881,800</u>	<u>\$964,795,300</u>	<u>\$919,973,400</u>	<u>\$850,992,100</u>	<u>\$809,464,700</u>	<u>\$765,903,000</u>

RATIO OF STATE EQUALIZED VALUATION TO ASSESSED VALUE	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
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STATE EQUALIZED VALUATION (EQUAL TO ASSESSED VALUATION)										
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S.E.V. ADJUSTED FOR ABATEMENTS/ TAXABLE VALUE (2)										
Homestead	\$719,355,101	\$690,190,016	\$649,145,534	\$609,046,364	\$580,242,139	\$555,406,541	\$529,123,328	\$502,625,000	\$478,773,079	
Non-Homestead	422,697,089	412,474,197	399,626,123	385,186,898	374,864,877	356,684,016	344,829,008	327,572,648	318,665,444	
Total adjusted Value	<u>\$1,142,052,190</u>	<u>\$1,102,664,213</u>	<u>\$1,048,771,657</u>	<u>\$994,233,262</u>	<u>\$955,107,016</u>	<u>\$912,090,557</u>	<u>\$873,952,336</u>	<u>\$830,197,648</u>	<u>\$797,438,523</u>	<u>\$765,903,000</u>

PROPERTY TAX RATES PER \$1,000 S.E.V. ALL DIRECT AND OVERLAPPING GOVERNMENTS										
Combined County and I.S.D.										
Delta College	\$9.3237	\$9.2907	\$9.2952	\$8.7266	\$8.77190	\$8.65471	\$8.65471	\$8.71084	\$8.67794	\$8.80881
Schools-Debt and State Tax	2.5427	2.5427	2.5427	2.0427	2.04270	2.04270	2.04270	2.04270	2.04270	2.04270
Combined Township	7.5000	8.5000	8.5000	8.5000	8.50000	8.50000	8.50000	8.50000	8.50000	8.50000
Total Homestead rate (3)	5.2155	5.4360	5.4360	5.5360	5.53600	5.43600	5.43600	5.43600	5.43601	5.43601
	24.5819	25.7694	25.7739	24.8053	24.85060	24.63341	24.63341	24.68934	24.65665	24.78752
Schools Non-Homestead rate	18.0000	18.0000	18.0000	18.0000	18.00000	18.00000	18.00000	18.00000	18.00000	18.00000
Total Non-Homestead rate	<u>\$42.5819</u>	<u>\$43.7694</u>	<u>\$43.7739</u>	<u>\$42.8053</u>	<u>\$42.85060</u>	<u>\$42.63341</u>	<u>\$42.63341</u>	<u>\$42.68934</u>	<u>\$42.65665</u>	<u>\$42.78752</u>

PROPERTY TAX LEVIES, ALL DIRECT AND OVERLAPPING GOVERNMENTS										
Combined County and I.S.D.										
Delta College	\$10.647,425	\$10,244,371	\$9,748,392	\$8,676,128	\$8,378,104	\$7,893,880	\$7,563,804	\$7,231,719	\$6,920,125	\$6,746,695
Schools-Debt and State Tax	2,903,853	2,803,669	2,666,635	2,030,846	1,950,997	1,863,127	1,785,222	1,695,845	1,628,927	1,564,510
-Non-Homestead operating	8,565,423	9,372,563	8,914,478	8,450,799	8,118,410	7,752,783	7,428,509	7,056,880	6,778,238	6,509,062
Combined Township	7,608,744	7,424,530	7,193,265	6,933,357	6,747,568	6,420,312	6,206,922	5,896,308	5,735,978	5,517,885
Special assessments	5,856,081	5,874,073	5,582,712	5,384,697	5,171,183	4,935,931	4,722,716	4,450,945	4,334,882	4,163,456
Total levy	2,278,121	2,368,718	2,337,833	2,299,815	2,113,614	2,029,320	1,939,830	1,485,230	1,416,866	1,635,257
	<u>\$37,859,647</u>	<u>\$38,087,924</u>	<u>\$36,443,315</u>	<u>\$33,775,642</u>	<u>\$32,479,876</u>	<u>\$30,895,353</u>	<u>\$29,647,103</u>	<u>\$27,796,727</u>	<u>\$26,815,016</u>	<u>\$26,136,865</u>

TAX COLLECTIONS TO MARCH 1										
% COLLECTED TO MARCH 1	96.41%	96.01%	96.04%	96.14%	96.61%	96.02%	96.13%	96.50%	96.41%	96.03%

- (1) Assessed valuation is after all Board of Review adjustments. State Equalized Valuation represents 50% of Market Value.
- (2) From 1984 to 1994, SEVS include Commercial Facilities Tax abated valuation which is taxed at 50% of SEV. To arrive at the Tax Levy, 50% of the abated values must be subtracted from the SEV before the rate is applied. For years after 1994 taxable valuation under proposal A limits growth in SEV on individual properties to the CPI until a sale takes place.
- (3) Proposal A passed by the Michigan voters in 1994 provides for a lower school tax rate for property occupied by the owners as homestead property.

Source: Saginaw Charter Township Assessor's Certified Warrant and CAFR

SAGINAW CHARTER TOWNSHIP

TAX COLLECTION HISTORY - COMBINED TOWNSHIP TAX LEVY (UNAUDITED):

LAST TEN YEARS

YEAR ENDED MARCH 31,	TAX LEVY	COLLECTIONS DURING FISCAL YEAR OF LEVY		COLLECTION OF PRIOR YEAR'S TAX DURING FISCAL YEAR	COLLECTIONS THRU 3/31/04	
		AMOUNT	%		AMOUNT	%
2004	\$5,856,081	\$5,601,456	95.65		\$5,601,456	95.65
2003	5,874,074	5,602,842	95.38	\$243,402	5,846,244	99.53
2002	5,582,712	5,305,958	95.04	667	5,556,585	99.53
2001	5,384,697	5,112,823	94.95	256	5,337,687	99.13
2000	5,171,183	4,954,977	95.82	352	5,168,340	99.95
1999	4,935,931	4,693,822	95.09	368	4,933,527	99.95
1998	4,722,715	4,511,451	95.53	313	4,718,003	99.90
1997	4,450,945	4,268,273	95.90	0	4,447,646	99.93
1996	4,334,882	4,149,735	95.73	0	4,330,825	99.91
1995	4,163,456	3,978,797	95.56	0	4,158,914	99.89

Source: CAFR

SPECIAL ASSESSMENT BILLINGS AND COLLECTIONS (UNAUDITED):

LAST TEN YEARS

FISCAL YEAR	SPECIAL ASSESSMENT BILLINGS	SPECIAL ASSESSMENTS COLLECTED (1)
2004	\$0	\$0
2003	0	0
2002	0	0
2001	0	0
2000	0	0
1999	0	0
1998	0	0
1997	0	0
1996	9,101	9,101
1995	6,448	6,413

(1) Includes prepayments

Only special assessments with related debt are included

SAGINAW CHARTER TOWNSHIP
REVENUE BOND CONTRACTS COVERAGE
WASTE WATER FUND

Last Fifteen Fiscal Years (Unaudited)

Fiscal Year	(1) Gross Revenues	(2) Operating Expenses	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
1990	\$2,744,762	\$1,408,593	\$1,336,169	\$210,323	\$159,094	\$369,417	3.62
1991	2,108,899	1,574,314	534,585	190,000	145,303	335,303	1.59
1992	2,246,588	1,856,079	390,509	234,220	228,403	462,623	.84
1993	1,937,928	1,802,760	135,168	267,640	321,326	588,966	.23
1994	2,097,749	2,035,902	61,847	495,162	319,462	814,624	.08
1995	2,278,676	1,675,367	603,309	485,915	303,327	789,242	.76
1996	2,400,344	2,027,237	373,107	503,515	282,119	785,634	.48
1997	2,346,121	2,143,742	202,379	477,345	265,527	742,872	.27
1998	2,842,100	2,289,157	552,943	348,878	234,023	582,901	.95
1999	3,314,416	2,176,077	1,138,339 (3)	401,143	223,734	624,877	1.82
2000	3,245,327	2,707,921	537,406	374,254	189,531	563,785	.95
2001	3,398,574	2,653,514	745,060	396,163	184,361	580,524	1.28
2002	3,378,512	2,796,898	581,614	409,882	177,423	587,305	.99
2003	3,594,941	2,655,825	939,116 (3)	428,090	166,535	594,625	1.58
2004	3,964,591	2,877,983	1,086,608	436,905	166,390	603,295	1.80

(1) Total revenues including interest and excluding contributed capital

(2) Total operating expenses exclusive of depreciation but including operating transfer to the General Fund for administration.

(3) Rate increase

Source: CAFR

SAGINAW CHARTER TOWNSHIP
PROPERTY VALUATION (UNAUDITED)
AND PRINCIPAL TAXPAYERS

	DECEMBER 2004 TAXABLE VALUATION	% OF TOTAL VALUATION
TOP 10 TAXPAYERS - REAL AND PERSONAL PROPERTY VALUATION:		
Consumers Energy	\$20,423,200	1.71
J G Saginaw LLC/Fashion Square Mall	20,351,457	1.70
West Valley LTD/West Valley Mall	5,872,584	0.49
New Plan Realty/Fashion Corners Mall	4,338,724	0.36
Fox Glen Apartments	4,220,913	0.35
Sears Roebuck & Co.	4,193,148	0.35
HK New Plan Green Acres Plaza Lp	4,140,000	0.35
AIG Baker/Westwood/Walmart	3,753,404	0.31
Glimcher Properties/Gratiot Center	3,610,636	0.30
Normandy Square Apartments	3,246,669	0.27
	<u>\$74,150,735</u>	<u>6.19</u>

TAXABLE VALUATION BY CLASSIFICATION AND NUMBER OF PARCELS:

	MARCH 2004 VALUATION	REAL AND PERSONAL PARCELS	% OF TOTAL VALUATION
Agriculture	\$247,966	17	0.02
Commercial	348,882,596	2,644	29.18
Industrial	7,702,200	28	0.64
Residential	815,143,204	12,567	68.16
Utility	20,807,300	2	1.74
Developmental	3,078,725	64	0.26
Exempt	0	263	0.00
TOTAL	<u>\$1,195,861,991</u>	<u>15,585</u>	<u>100.00</u>

Source: Saginaw Charter Township Assessor's Office
Values are after the March Board of Review

SAGINAW CHARTER TOWNSHIP

COMPUTATION OF DIRECT AND OVERLAPPING DEBT (UNAUDITED)

March 31, 2004

<u>JURISDICTION</u>	<u>DEBT OUTSTANDING</u>	<u>PERCENTAGE APPLICABLE TO SAGINAW TOWNSHIP</u>	<u>AMOUNT APPLICABLE TO SAGINAW TOWNSHIP</u>
Direct			
Township of Saginaw	\$5,220,072	100.00%	\$5,220,072
Less debt payable from enterprise revenues	<u>(5,220,072)</u>		<u>(5,220,072)</u>
Net tax supported debt	0		0
Overlapping (1)			
Saginaw Township Schools	17,720,000	100.00	17,720,000
Saginaw County	25,318,052	25.52	6,491,548
Saginaw Intermediate School District	<u>4,150,000</u>	<u>25.85</u>	<u>1,078,170</u>
TOTAL	<u>\$47,188,052</u>		<u>\$25,289,718</u>

(1) Source: Michigan Advisory Council

COMPUTATION OF LEGAL DEBT MARGIN FOR
ISSUANCE OF BONDS (UNAUDITED)

March 31, 2004

STATE EQUALIZED VALUE - December 31, 2003	<u>\$1,336,222,700</u>
Charter Township limit on outstanding general obligation debt:	
Debt limitation - 10 percent of total state equalized value	\$133,622,270
Debt applicable to limitation:	<u>0</u>
Legal debt margin	<u>\$133,622,270</u>

Source: Saginaw Charter Township Assessor's Office

SAGINAW CHARTER TOWNSHIP

RATIO OF BONDED DEBT TO STATE EQUALIZED VALUE
AND BONDED DEBT PER CAPITA (FROM CAFR) (UNAUDITED)

Fiscal Periods 1988-89 to 2003-2004

Fiscal Periods 1988-89 to 2003-2004													
YEAR ENDED MARCH 31,	ESTIMATED POPULATION	STATE EQUALIZED VALUATION	GROSS BONDED DEBT	LESS DEBT PAYABLE FROM		TOWNSHIP-AT-LARGE		RATIO OF:		PER CAPITA			
				FUNDS	DEBT SERVICE ENTERPRISE REVENUES	SHARE OF		BONDED DEBT TO		DEBT			
						SPECIAL ASSESSMENTS	NET DEBT	EQUALIZED VALUE		DEBT			
								GROSS	NET	GROSS	NET		
1989	40,200	\$581,906,200	\$5,732,320	\$2,814,842	\$2,917,478	\$811,816	\$811,816	0.99	0.14	\$142.60	\$20.19		
1990	40,550	612,107,400	4,882,567	2,282,567	2,600,000	724,468	724,468	0.78	0.12	120.41	17.87		
1991	37,684	676,868,300	11,716,276	1,862,191	9,854,085	678,713	678,713	1.73	0.10	310.91	18.01		
1992	37,600	688,538,900	10,976,678	1,356,813	9,619,865	663,305	663,305	1.59	0.10	291.93	17.64		
1993	37,921	739,086,500	10,318,661	966,436	9,352,225	659,105	659,105	1.40	0.09	272.11	17.38		
1994	38,465	766,157,600	9,408,451	626,058	8,782,393	654,905	654,905	1.23	0.08	244.60	17.03		
1995	39,490	809,651,100	8,480,387	178,221	8,296,478	474,558	480,246	1.05	0.05	214.75	12.16		
1996	39,927	851,685,000	7,792,963	0	7,792,963	0	0	0.92	0.00	195.18	0.00		
1997	38,266	920,180,200	7,162,202	0	7,162,202	0	0	0.77	0.00	187.17	0.00		
1998	38,955	964,795,300	7,293,335	0	7,293,335	0	0	0.76	0.00	187.22	0.00		
1999	39,090	1,014,955,700	7,048,879	0	7,048,879	0	0	0.69	0.00	180.32	0		
2000	39,154	1,068,073,300	6,808,257	0	6,808,257	0	0	0.64	0.00	173.88	0		
2001	39,657	1,124,768,100	6,512,462	0	6,512,462	0	0	0.58	0.00	164.22	0		
2002	39,942	1,191,193,800	6,108,590	0	6,108,590	0	0	0.51	0.00	152.94	0		
2003	40,339	1,260,262,600	5,622,794	0	5,622,794	0	0	0.45	0.00	139.39	0		
2004	40,774	1,336,222,700	5,220,072	0	5,220,072	0	0	0.39	0.00	128.02	0		

NOTE: The above schedule does not reflect any "overlapping debt" regarding bonds issued by the Saginaw Township Community School District.

The State Equalized Valuation is as of the last day of the fiscal year and does not include Final Board of Review or Tax Tribunal adjustments.

Saginaw Township has no general bonded debt. All outstanding debt is supported by enterprise fund revenues.

SAGINAW CHARTER TOWNSHIP
PROPERTY VALUE, CONSTRUCTION AND BANK DEPOSITS
LAST TEN FISCAL YEARS (UNAUDITED)

Fiscal Year Ended	State Equalized Value				Commercial Construction (2)		Residential Construction		Bank Deposits (3)
	Real and Personal Property Value (1)		Number of Permits	Value	Number of Permits	Value			
	Commercial	Residential					Agricultural		
1995	\$ 273,978,900	\$ 531,214,800	\$ 4,457,400	122	\$ 15,175,891	422	\$ 17,838,168	\$ 2,409,348,000	
1996	285,677,300	561,777,700	4,230,000	127	16,073,726	367	16,497,380	1,658,558,000	
1997	315,251,600	597,858,300	7,070,300	106	9,585,146	378	25,690,462	2,585,383,000	
1998	322,529,400	635,856,600	6,409,300	97	7,325,299	358	22,612,592	2,628,995,000	
1999	336,303,000	672,393,400	6,259,300	160	27,815,626	388	18,864,350	2,690,232,000	
2000	353,656,600	708,213,700	6,203,000	132	13,924,773	408	21,949,236	2,752,895,000	
2001	362,267,900	757,109,300	5,390,900	87	13,707,897	407	25,863,850	1,759,000,000	
2002	383,669,800	802,192,200	5,331,800	82	14,926,179	310	21,352,206	1,723,000,000	
2003	410,736,400	838,888,200	10,638,000	98	12,093,180	452	25,708,718	1,730,000,000	
2004	413,563,600	913,745,100	8,914,000	104	9,207,715	555	34,310,430	1,725,000,000	

- (1) Commercial includes Industrial and Utility, Agricultural includes Developmental and Timbercut.
(2) Source is Saginaw Charter Township Annual building Report. Residential construction includes new homes and additions.
(3) Source: Citizens Bank (Total Saginaw County Deposits) prior to FY 2000, FDIC Depository Statistics after that date.

SAGINAW CHARTER TOWNSHIP
MISCELLANEOUS STATISTICAL DATA (UNAUDITED)

General Information

Located in Saginaw County adjacent to
the northwest boundaries of the
City of Saginaw
26.5 square miles
Population of 39,657 (2000 U.S. Census)

Government

Charter Township
7 elected Board Members
Appointed, professional Manager
116 full-time employees

Planning and Zoning

Comprehensive Development Plan and
Zoning Ordinance adopted in 1971
Both planning documents are regularly
updated and consistently enforced

Police Department

38 full-time officers, with a
management and support staff of 11
16 patrol cars

Fire Department

3 fire stations and 1 central office
6 full-time employees and a
professionally trained volunteer force
of 82 firefighters
14 firefighting vehicles

Water

Supplied from Lake Huron and purchased
from City of Saginaw
Design capacity-10 million gallons
per day (peak consumption to date is
6 million gallons per day)

Sanitary Sewer

Local sewage treatment facility
available to approximately 3/4 of
Saginaw Township

Energy

Electricity and natural gas supplied
by Consumers Energy Company
Electric capacity-6,836,800 kilowatts
Natural gas capacity-2,800,000 mcf
per day
No restriction foreseen in supplying
new customers

Public Schools

Saginaw Township Community Schools
provide K-12, Adult Education and
Community Education programs
Enrollment for 2003-04 is 5,205
There are 6 elementary schools,
1 middle school and 1 high school
Extensive programs offered to students
with special needs and the gifted
High school students have access to
vocational training through the
Saginaw Career Complex
Students at all levels consistently
score well above average on state
and national level assessment tests

Private and Parochial Schools

1-Catholic high school, 1 elementary
1-Lutheran high school, 3 elementary

Medical Facilities

Doctors	96 offices
Dentists	57 offices
Optometrists	14 offices
Veterinarians	5 offices
4 Area Hos	1,493 beds

Blue Care Network Center, Covenant Health
Mackinaw North, Oncology Radiation Center
and St. Mary's Ambulatory Center

Library

Owned and supported by Saginaw Charter Township
Operated by the Saginaw Public Library System
Provides access to over 713,817
books in 5 branches and 132,000 locally

Fieldhouse

Center Courts Fieldhouse and Community Center

Parks

Olson Recreational Center (29 acres)
Harvey Randall Wickes Recreation
Complex (146 acres)
Immerman Memorial Park (96 acres)
William H. Haithco Recreation (71 acres)
Center Road Boat Launch
Soccer Complex (60 acres)
Playscape park (3 acres)
9 neighborhood parks

Golf courses

2 Eighteen Hole, 1 Nine Hole

INTERNAL CONTROL AND COMPLIANCE



REHMANN ROBSON

Certified Public Accountants

A member of THE REHMANN GROUP

An Independent Member of Baker Tilly International

**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE
AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

June 21, 2004

Members of the Township Board
Saginaw Charter Township
Saginaw, Michigan

We have audited the basic financial statements of *Saginaw Charter Township* as of and for the year ended March 31, 2004, and have issued our report thereon dated June 21, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether *Saginaw Charter Township's* financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered *Saginaw Charter Township's* internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the basic financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be a material weakness.

This report is intended solely for the information of management, the Township Board and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Rehmann Johnson